



Daily Report

China

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27 July 1992

NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

Columnist Views Debate on Force Against Iraq

HK2507070492 Hong Kong TA KUNG PAO
in Chinese 25 Jul 92 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Will the United States Resort to Force Against Iraq Again?"]

[Text] The United States and Britain Stand for Using Force

While the grand opening of the 25th Olympic Games in Barcelona is to be held at 2000 today (25 July) (Hong Kong time 0200, 26 July) and the whole world is jubilant, unhappy tidings have been emerging from Baghdad, Iraq, which is in a state of crisis and where the people are worried about another possible air raid. The UN Special Inspection Commission condemned Iraq for having refused to allow its personnel to enter the Ministry of Agriculture and Irrigation Building since 5 July to let them examine whether data on making guided missiles and chemical, biological, and nuclear weapons were hidden there. It has also condemned Iraq for organizing mass demonstrations to beat and threaten the UN inspection group who were awaiting orders outside the building.

Under threat of violence, the supervisory group was finally ordered to withdraw under orders. Dumas, French foreign affairs minister, demanded that the UN Security Council hold a meeting to discuss whether to issue Iraq with an ultimatum. Because this matter is about whether the United States dispatches its Air Force again, however, the United States will also call a national security meeting to decide on using force. British Foreign Secretary Douglas Hurd also warned that Iraq should observe the cease-fire conditions, otherwise Britain would not rule out the possibility of taking military action.

Toward all this, Iraq continues to take an uncompromising stance. Deputy Prime Minister Aziz told a press conference in Baghdad on 23 July that Iraq would not change its stand, and he dismissed threats from the West. Its representative to the United Nations said: "Even if one or two bombs are dropped on Baghdad, the problem still cannot be solved." Thus, people throughout the world cannot but pay great attention to developments in Baghdad.

State of Crisis Must Be Solved Through Negotiations

Last night, the United Nations and Iraq discussed a compromise, that is, to allow a small number of personnel to enter the ministry to carry out their inspection work. Whether Iraq has accepted this or not will be proven by events. The people of the world hope there will be no more bombs dropped on Baghdad to kill and

injure innocent people. However, Iraq should also observe the cease-fire conditions. This stubborn stand of rejection can only harm it.

It was disclosed by THE NEW YORK TIMES (on 23 July) that there are differences among senior U.S. Government officials on the issue of resorting to force against Iraq again. The main point is that if the United States resorts to force again, will it help Bush in the presidential election or will it produce counter effects? Some of them believe that attacking Baghdad will increase Bush's prestige, but some are apprehensive that the situation will become more serious if quick results are not achieved. According to the newspaper, a battle plan worked out by the Department of Defense has been passed round for perusal among members of the National Security Council. The main point is that once military action gets out of control, it will be difficult to bring it to an end.

Any Wrong Move Could Bring Serious Consequences

There are two reasons for Iraq's uncompromising stand. First, if it allows the UN inspection group to enter a department which is related to its people's economic livelihood, all administrative organs in Iraq will become open to UN personnel and there will be no government secrets at all. Thus, the United States will be able to obtain necessary materials to subvert the country. Second, Iraq believes that after the United States obtains documents relating to its agricultural and irrigation works through the UN inspectors, it could launch air attacks on the country's water projects. The French foreign minister has urged the UN Security Council to hold a meeting to discuss the matter of whether to issue an ultimatum to Iraq. However, there are still a few days to go before the meeting is held. We hope the dispute can be resolved during this buffer period. However, the United States maintains that it can use force before the UN Security Council meeting is held. This is also aimed at threatening Saddam.

Anyone who makes a wrong move may bring about serious consequences. If Saddam stubbornly refuses to compromise and firmly believes that Bush will not dare take hasty action at this moment, the situation could be intensified step by step and could even develop toward a tragedy. If Bush firmly believes that an air raid can help rebuild the prestige of the United States and would be favorable to him in the November elections, it will be hard for him to win the support of most European and Asian countries once the battle starts. [sentence as published]

What is regrettable is that if more killing appears in Baghdad, people throughout the world, who will be happily watching the Olympic Games, will certainly suffer untold pain in their hearts.

Country Interested in UK Forum on Yugoslavia

LD2607113492 Belgrade TANJUG in English
0945 GMT 26 Jul 92

[Text] Beijing, July 26 (TANJUG)—Britain's initiative for holding an international conference on Yugoslavia in London has caused understandable interest in Beijing because it provides for the participation of China as a permanent member of the UN Security Council.

China has not yet come out officially on the matter and well-informed sources claim that it would not hurry to do so.

As in connection with the earlier proposal of French President Francois Mitterrand, Chinese officials made it clear that China wanted to be fully informed about the objectives, participants and real possibilities of such a conference.

In view of the French proposal, China unofficially voiced reserve towards one of the issues on the conference agenda—the minority rights. The impression is that Chinese officials disagreed with extending the main subject of the conference to cover some other issues too.

It is also believed that China will request additional information from Britain before presenting its stand on the conference.

On Sunday, the Chinese news agency XINHUA wrote extensively about the conference on Yugoslavia.

ASEAN, Dialogue Partners End Conferences

OW2607094492 Beijing XINHUA in English
0752 GMT 26 Jul 92

[Text] Manila, July 26 (XINHUA)—The Association of Southeast Asian Nations (ASEAN) and its seven dialogue partners today concluded their three-day post-ministerial conferences here, pledging to further expand economic cooperation for mutual benefit.

The conferences, chaired by Philippine Foreign Secretary Raul Manglapus as the current chairman of the ASEAN Standing Committee, were attended by high-ranking officials from Australia, the European Community, New Zealand, South Korea, Japan, Canada and the United States.

During the conferences, ASEAN, which groups Brunei, Indonesia, the Philippines, Malaysia, Singapore and Thailand, sought more assistance from the dialogue partners and pledged to establish its Free Trade Area in 15 years with no trade barriers against non-ASEAN member countries.

On his part, U.S. Secretary of State James Baker said that the United States remains committed to economic cooperation with ASEAN and to Asian security through partnerships with Southeast Asian countries.

Canadian Secretary of State for External Affairs Barbara McDougall promised to strengthen the dialogue between her country and ASEAN while hoping the ASEAN countries to invest more in Canada.

As for Australia, its Foreign Minister Gareth Evans said both his country and ASEAN should "seize new opportunities" for mutual prosperity and security "across a broad spectrum of issues."

New Zealand Foreign Minister Don McKinnon believed that "great potential exists for further expansion," adding "our latest trade figures demonstrate that such expansion is indeed taking place."

Japan wishes regional political and security issues are included in its dialogue with ASEAN in view of the expansion of ASEAN-Japan relations and the rapid changes in the international scene, its Foreign Minister Koji Kakizawa said.

On behalf of South Korea, Foreign Minister Yi Sang-ok pledged to "nurture true partnership" with ASEAN in order to maintain the momentum of mutually beneficial cooperation.

Meanwhile, Commissioner of the European Community Abel Matutes agreed that economic cooperation should redound to the mutual benefit of both sides, stressing the involvement of the private sector in the economic cooperation programs to a "much larger extent than in the past."

Further on Baker Comments

OW2607045392 Beijing XINHUA in English
0359 GMT 26 Jul 92

[Text] Manila, July 26 (XINHUA)—U.S. Secretary of State James Baker declared today that his country remains firm on its commitment to Asian security despite its withdrawal from the military bases in the Philippines.

"The United States is a Pacific power and will remain one, our withdrawal from Clark and Subic Bay has not altered our interest in, nor our commitment to Asian security," Baker said at the post-ministerial conference of the Association of Southeast Asian Nations (ASEAN).

In today's U.S.-ASEAN dialogue here, Baker noted "an evolution of U.S.-Philippine relations" and "an adjustment in America's security presence in the region" following the rejection of a new military bases treaty by the Philippine senate in September 1991.

"The form of our presence may have changed, but the substance of our commitment is firm," Baker said, explaining that the U.S. Forces in Japan, South Korea and Guam and its new access to other southeast Asian nations ensure that "our ships and our aircraft remain fully capable of achieving their missions."

On behalf of ASEAN, Foreign Minister Prince Mohamad Bolkiah of Brunei, ASEAN's coordinator

country with the United States, said that the ASEAN and the U.S. currently enjoy "close and friendly working relationships."

Yet, ASEAN hopes to further intensify economic cooperation with the United States in order to enhance security and stability in the region, the Brunei minister said.

Regional trading agreements will not create trade barriers against non-signatories, and ASEAN also believes in strengthening the world multilateral trading framework, Bolkiah said, referring to the planned establishment in 15 years of the ASEAN free trade area.

"For this reason, we wish to see a successful conclusion of the Uruguay round of multilateral trading negotiations," he added.

Meanwhile, ASEAN welcomes U.S. cooperation in all areas of counter-narcotics activities, and hopes the U.S. to "facilitate the transfer of appropriate and environmentally sound technologies to the region," the prince said.

On his part, Baker said that "the United States remains fully committed to building on our economic cooperation in Asia and the Pacific."

"We consider such cooperation no less vital to America's interests than the security ties we have forged over the years," Baker stressed.

Government To Join International Wetlands Forum

OW2507084792 Beijing XINHUA in English
0807 GMT 25 Jul 92

[Text] Beijing, July 25 (XINHUA)—China will become a signatory to the "convention on wetlands of international importance especially as waterfowl habitat", an international treaty for the protection of natural resources, on July 31, 1992.

Wetlands are geographical environments such as marshlands, beaches and lakes, which in many cases are the natural habitat of waterfowl, particularly migratory birds which migrate across borders. The purpose of the convention is to protect waterfowl and wetland resources.

According to an official from the Ministry of Forestry, which co-ordinates wetlands protection in China, 67 countries have signed the international convention which took effect on December 21, 1975. The ministry official said that China has designated the Zhalong Reserve in Heilongjiang Province and Xianghai Reserve in Jilin Province, both of which are natural habitats of the red necked crane, as two of the world's important wetlands. In addition, Boyang Lake in Jiangxi Province, eastern Dongting Lake in Hunan Province, the bird island in Qinghai Province and Hainan Province's Dongzhaigang—a major area for mangroves, have also been designated as important wetland areas.

Experts say that China's accession to the convention will help protect the country's rights and interests, in addition to helping expand international cooperation and exchanges regarding wetlands.

United States & Canada

Spokesman: U.S.-Taiwan Ship Deal 'Unacceptable'

OW2507074092 Beijing XINHUA in English
0715 GMT 25 Jul 92

[Text] Beijing, July 25 (XINHUA)—A Chinese Foreign Ministry spokesman, commenting today on U.S. President George Bush's approval of leasing warships to Taiwan, said China has lodged "a strong protest" with the U.S. Administration on the issue and demanded that the United States "halt forthwith all its activities for leasing weapons to Taiwan."

The supply of warships to the Taiwan authorities by the U.S. through leasing, as approved by its legislation, constitutes "an open violation of the principles set forth in the Sino-U.S. Joint Communiqué of August 17, 1982, for it would raise the quantity and quality of the arms the U.S. sells to Taiwan in a round-about way, the spokesman said. [no end quotation mark as received]

"This move is therefore totally unacceptable to the Chinese side," he said. "The Chinese Government has lodged a strong protest with the U.S. Administration on this issue, and demanded that the U.S. halt forthwith all its activities for leasing weapons to Taiwan."

Li Ruihuan, USIA Director Discuss Ties

OW2507083992 Beijing XINHUA in English
0824 GMT 25 Jul 92

[Text] Beijing, July 25 (XINHUA)—The development of Sino-American relations is in accordance with the fundamental interests of the Chinese and American peoples, and contributes to world peace and development, a senior Chinese Communist Party leader said here today.

Li Ruihuan, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, made the comment today while meeting Henry E. Catto, director of the United States Information Agency.

Chinese sources quoted Li as saying that "China poses no threat to the United States, and the United States poses no real threat to China. China and the United States share many common interests.

"Generally speaking, Sino-U.S. relations are developing in a favorable direction," Li was quoted as saying. "Although some difficulties exist, bilateral relations will surely continue to develop so long as both sides abide by the three joint communiqués between the two countries, and in particular follow the principles of sovereignty, equality and non-interference in each others internal affairs, and mutually understand, avoid quibbling over

minor matters, and expand bilateral economic and trade ties and cooperation in major international issues."

Li said he hoped that the U.S. Information Agency would play a positive role in promoting the development of the bilateral relations.

Mr Catto was quoted as saying that although it's his first China visit, he attached great importance to bilateral relations. He was aware of China's important role in the world and its importance to the United States.

Mr Catto said he hoped bilateral relations would continue to improve and develop, and he believed that relations between the two countries had a bright future.

During the meeting, Li briefed the guests on China's situation, saying that China is making great efforts to carry out the policy of reform and opening to the outside world and focusing on economic construction.

"This is our long-term task," Li said. "For this end, we need a stable political situation within the country and a favorable and peaceful international environment."

The meeting was conducted in a frank, sincere and friendly manner.

Chinese Vice-Foreign Minister Liu Huaqiu and the Charge d'Affaires at the U.S. Embassy, Scott Hallford, also attended.

Northeast Asia

CPC Goodwill Mission Begins Visit to DPRK

OW2707021192 Beijing XINHUA in English
0125 GMT 27 Jul 92

[Text] Beijing, July 27 (XINHUA)—A goodwill mission of the Communist Party of China (CPC), which is led by Wang Maolin, member of the CPC Central Committee and secretary of the Shanxi provincial party committee, left here this morning for a visit to the Democratic People's Republic of Korea (DPRK).

The group was invited by the Workers' Party of Korea.

Provincial WPK Delegation Visits Shandong

SK2407152592 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 23 Jul 92

[Text] At the invitation of Shandong Province, an amity delegation from South Hwanghae Province in the DPRK, headed by Paek Pom-su, member of the Central Committee of the Workers Party of Korea [WPK] and responsible secretary of the South Hwanghae Provincial WPK Committee, arrived in Shandong Province on 23 July for a six-day visit.

Gao Changli, deputy secretary of the provincial party committee, cordially met with the delegation on 23 July in the afternoon at Jinan Nanjiao Guesthouse. That evening, the provincial party committee, the provincial

People's Congress Standing Committee, and the provincial government hosted a banquet in honor of the Korean guests. Gao Changli made a welcome speech at the banquet.

Gao Changli said: Shandong Province and South Hwanghae Province face each other across a river and have extremely close relations. Since June 1985, when Comrade Paek Pom-su led an amity delegation to our province and signed an agreement on establishing friendly ties, leading persons of the two provinces have exchanged visits on several occasions. This has produced a positive impact on deepening mutual understanding, expanding contacts, strengthening cooperation, developing friendship, and promoting the development of the socialist construction undertakings of the two provinces. The delegation's visit to our province this time will promote and deepen the friendly ties and economic and trade cooperation between Shandong Province and South Hwanghae Province.

Responsible Secretary Paek Pom-su thanked Shandong Province for its warm reception and pledged his willingness to strengthen the traditionally profound friendship between the two parties and between the peoples of the two countries and to further promote the development of the friendship and cooperation between Shandong Province and South Hwanghae Province.

Present at the banquet were leaders of the province and Jinan, including Tan Fude, Standing Committee member of the provincial party committee and secretary of the provincial Discipline Inspection Commission; Chen Jianguo, Standing Committee member of the provincial party committee and secretary of the provincial political and legal committee; Lu Hong, vice chairman of the provincial People's Congress Standing Committee; Wang Jiangong, vice governor of the provincial government; and Zheng Weimin, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference.

The Korean guests will visit Zibo and Qingdao.

Nation Developing DPRK Cross Border Tourism

OW2707061292 Beijing XINHUA in English
0448 GMT 27 Jul 92

[Text] Beijing, July 27 (XINHUA)—Since Dandong, a border city in Liaoning province, sent its first tourist group to the Democratic People's Republic of Korea in 1988, such tourism has developed rapidly.

Since 1988 tens of thousands of ordinary people have traveled to countries bordering China.

The state tourism administration has given approval to nearly 20 border cities and towns to organize tours to the Commonwealth of Independent States, Mongolia, Korea and Vietnam. The trips last from one to several days.

Cross-border tourism is carried out by China and the countries on the basis of reciprocity in numbers of tourists exchanged.

The one-day cross-border tour from the city of Heihe in Heilongjiang Province in northeast China to the Russian border city of Blagoveshchensk started in 1988. The number of visitor exchanges increased from 15,000 in 1989 to 62,000 last year.

The cross-border trips have a strong commercial flavor. Along the Sino-Russian border, Chinese visitors barter sportswear, shoes and leather jackets for woollen overcoats, hats, razors and telescopes.

Chinese tourists taking part in the cross-border trips are from all over the country and include workers, farmers, teachers, and business people.

Former Japanese Prime Minister Tanaka To Visit

OW2507051492 Beijing XINHUA in English
0449 GMT 25 Jul 92

[Text] Tokyo, July 25 (XINHUA)—Former Japanese Prime Minister Kakuei Tanaka is expected to make a visit to China August 28-31, at the invitation of the Chinese government as part of the activities commemorating the 20th anniversary of the normalization of Sino-Japanese relations, YOMIURI SHIMBUN reports today.

The leading Japanese newspaper, quoting sources close to Tanaka, said the former prime minister had received permission from the Japanese supreme court for the visit.

Tanaka, who had been convicted on bribery charges in connection with the 1970s Lockheed payoff scandal, was required to obtain the supreme court's permission to go abroad.

If realized, Tanaka's Beijing visit will be his first overseas trip in 18 years, the daily says.

Tanaka, who became Japan's youngest-ever prime minister in 1972, restored diplomatic relations with China during his trip to Beijing in the fall of that year.

Jiang Zemin, general secretary of the Chinese Communist Party, also extended an invitation to Tanaka for a visit to China when he called on Tanaka at the latter's residence in Meijirodai, Tokyo, during his state visit to Japan in April.

Guangdong Official Speaks at Japan Trade Forum

OW2507143492 Beijing XINHUA in English
1318 GMT 25 Jul 92

[Text] Guangzhou, July 25 (XINHUA)—Southern China's Guangdong Province expects broader economic and trade co-operation with Japan, a local official said here today.

Speaking at a seminar on economic and trade ties between Guangdong and Japanese enterprises, Zou Qiyu, head of the press office of the Guangdong provincial government, said, "Guangdong sincerely hopes that Japanese business circles will expand their investment in and co-operation with the province."

Zou said Guangdong hopes that, in particular, the Japanese will invest in large projects and new- and high-tech items.

"Guangdong is also willing to expand its ties with Japan in the service industry, especially the finance sector, including investment in the form of securities and introduction of branches of overseas-funded banks," Zou said.

Local officials believe that the potential for co-operation between Japan and Guangdong is promising, since many products made in Guangdong are suited to the Japanese market and Japan is advanced both economically and technologically.

The officials said that the province welcomes the Japanese Government and Japanese financial institutions to provide China with long-term low-interest rate loans.

Some representatives of Japanese conglomerates in Guangdong attended the seminar.

During the period 1985-1991 Guangdong did 4.24 billion U.S. dollars-worth of trade with Japan, of which the Japanese exports to Guangdong accounted for 2.62 billion U.S. dollars-worth.

By the end of 1991 Japanese-funded enterprises in Guangdong numbered 195 and the total Japanese capital the province had absorbed reached 690 million U.S. dollars.

Expanded Cooperation Expected

OW2707072892 Beijing XINHUA in English
0658 GMT 27 Jul 92

[Text] Guangzhou, July 27 (XINHUA)—Guangdong Province, which has taken the lead in instituting China's policies of reform and opening to the outside world, is planning to expand cooperation with Japanese enterprises.

According to Zou Qiyu, director of the Information Office of the Guangdong provincial government, the province has adopted measures to open wider to the outside world, and Japanese businessmen are welcome to participate in large-sized high-tech projects.

According to Zou, Guangdong has long had close economic and trade contacts with Japan, and trade, economic and technical cooperation between the province and Japan has boomed since 1985.

Economists here agreed that great potential exists for Guangdong-Japanese cooperation, since Japan has a

highly developed economy with sophisticated technology. They also noted that Japan has extensive investments abroad.

They say that Guangdong also produces products which are suitable for the Japanese market.

Shandong Signs Joint Venture Contract With Japan

SK2607080192 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 15 Jul 92

[Text] A ceremony to sign a \$116 million contract to open the Yantai-Mitsubishi cement company jointly run by China and Japan was held in the Great Hall of the People in Beijing Municipality on 14 July. The joint-venture cement company will be run by Yantai's building materials company, the State Energy Investment Corporation, Mitsubishi's Materials Corporation, the Mitsubishi business corporation, and other Japanese companies and associations. Japanese investment amounts to 70 percent of the total investment and the contract is valid for 33 years. The cement company plans to use advanced patented technology provided by Mitsubishi to produce high grade cement once construction is completed. Attending the ceremony were Hong Xuezhi, vice chairman of the National Chinese People's Political Consultative Conference Committee; Li Yao-wen, member of the Central Advisory Commission; and Zhao Zhihao, deputy secretary of the Shandong provincial party committee and governor of Shandong Province.

Heilongjiang Begins Chartered Flight With Japan

SK2607052492 Harbin Heilongjiang People's Radio
Network in Mandarin 2200 GMT 25 Jul 92

[Text] Governor Shao Qihui and Vice Governor Du Xianzhong cordially received on the afternoon of 25 July in the Tiane Hotel of Harbin city the Japanese delegation of the Niigata prefectural association in charge of consolidating and promoting airport affairs. The delegation is headed by Mr. (Fuyukitaki), vice governor of Niigata prefecture, and arrived in Harbin city by chartered plane directly from Niigata Prefecture on 25 July.

During the reception, Governor Shao said in his speech that over the past nine years, the friendly ties established by Heilongjiang Province and Niigata Prefecture have promoted the economic development of our province and Harbin city thanks to the common efforts of both sides. The first direct chartered flight between Harbin and Niigata has been a milestone success. We have initially planned to expand Harbin's airport into an international one.

Li Jiating, mayor of Harbin city, also attended the reception.

Southeast Asia & Pacific

Recycling Group To Visit Philippines, Australia

HK2407061892 Beijing CHINA DAILY
in English 24 Jul 92 p 2

[By staff reporter Zhang Yuan: "Delegation Seeks Help on Recycling"]

[Text] A senior Chinese delegation will start a two-week long visit to Australia and the Philippines in mid-August to explore opportunities for cooperation in the field of resources reclamation.

The nine-person group, headed by Lu Xusheng, vice minister of the Ministry of Materials and Equipment, will also investigate Australia's resources recycling industry, said Jiang Zhiyun, general manager of the China National Resources Reclamation Corporation, who is also a member of the delegation.

This is the country's latest move to strengthen ties with the outside world, especially the United States, Japan, and Western European states, whose resources recycling ratio is more than 60 percent, which is double that of China.

The move is designed to improve resources recycling technology and speed up resources reclamation in China, a country with one fourth of the world total population but low per capita possession of natural resources, Jiang said.

To promote this drive, the country will encourage foreigners to invest in its resources reclamation industry through setting up joint or cooperative ventures.

The ministry has suggested that relevant State departments draft policies concerning foreign investment in the resources recycling industry that are more preferential than those designed for investment in other industries, Jiang said.

At present, the State permits newly-established domestic resources reclamation firms to enjoy a preferential treatment of 50 percent income tax reduction for three years, Jiang said.

To enable more people to recognize the importance of resources reclamation, the corporation and the China Resources Reclamation Research Institute have jointly produced a three-part TV series, named Resources and Recycling, to introduce the history and present situation of resources reclamation in both foreign countries and China.

The series shows that over the past 40 years China's resources reclamation industry has recycled more than 450 million tons of iron and steel, more than 3 million tons of copper, aluminium, lead and zinc, nearly 3 million tons of plastic, 4 million tons of rubber, and 40 million tons of waste paper.

At present, there are more than 100,000 employees in the industry.

Yet compared to Western countries, the series says, China still lags behind by 10 to 20 years in many fields of resources reclamation, such as the reprocessing and refining of waste metals.

Experts estimate that if the country could recycle the majority of its waste, the resources reclamation industry would be able to save the country 25 billion yuan (\$4.54 billion) each year, more than enough to cover its 21.1 billion yuan (\$3.83 billion) deficit for 1991.

Near East & South Asia

Reportage Views Visit by Indian Defense Minister

Meets Qin Jiwei

OW2507123192 Beijing XINHUA in English
1220 GMT 25 Jul 92

[Text] Beijing, July 25 (XINHUA)—General Qin Jiwei, Chinese state councillor and minister of national defence, and Indian Defense Minister Sharad Pawar held talks here this afternoon.

Sharad Pawar, who is the first Indian defense minister to visit China, arrived here yesterday evening on a goodwill visit. His visit is regarded as a big event in the history of friendly contacts between the Chinese and Indian armed forces.

In the talks, the two defense ministers exchanged views in a friendly atmosphere on a wide range of international, regional and bilateral issues. Both sides believed that the talks promoted mutual understanding and helped increase friendly exchanges between the two armies. They also held that the talks signified the further development of friendship between the two countries and the two armies.

During the talks, Sharad Pawar invited General Qin to visit India. General Qin accepted the invitation with pleasure.

In the evening, General Qin Jiwei hosted a dinner for his Indian counterpart at the Great Hall of the People.

Further Report

OW2507131292 Beijing XINHUA in English
1243 GMT 25 Jul 92

[Text] Beijing, July 25 (XINHUA)—Indian Defense Minister Sharad Pawar was honored at a dinner here this evening hosted by General Qin Jiwei, Chinese state councillor and minister of national defense.

Sharad Pawar is the first Indian defense minister to visit China. As guest of General Qin, he arrived here yesterday evening on a six-day goodwill visit to China with

the purpose of promoting relationship between the Chinese and Indian armed forces. His visit is regarded as a big event in the history of friendly contacts between the Chinese and Indian armed forces.

Prior to the dinner, the two defense ministers held talks. They exchanged views on a wide range of international, regional and bilateral issues in a friendly atmosphere. Both sides believed that the talks promoted mutual understanding and helped increase friendly exchanges between the two armies. They also held that the talks signified further development of friendship between the two countries and the two armies.

During the talks, Sharad Pawar invited General Qin to visit India. Qin accepted the invitation with pleasure.

At noon today, General Qin presided over a ceremony to welcome his Indian counterpart.

Li Peng on 'New Stage' in Ties

OW2607135992 Beijing XINHUA in English
1341 GMT 26 Jul 92

[Text] Beijing, July 26 (XINHUA)—Chinese Premier Li Peng said this afternoon that Sino-Indian relations have entered a new stage as a result of the exchange of visits and meetings between Chinese and Indian leaders in recent years.

During a meeting with visiting Indian Defence Minister Sharad Pawar, Li expressed satisfaction with the smooth development of relations between the two countries.

According to Li, China and India are both developing countries which are home to some 40 percent of the world's population. He said that Sino-Indian unity and cooperation will play a positive role in terms of world peace and development.

The Chinese premier said that China and India share some similar and many identical views concerning international issues, including the establishment of a new international political and economic order, environmental protection and development. The two countries also share identical views on the human rights issue, he added.

Pawar noted that recent exchanges of visits between Chinese and Indian leaders have resulted in new and substantial progress in Indian-Chinese relations.

Concerning the Sino-Indian boundary question, Pawar said that both countries have offered sincere and constructive proposals to solve the question. In particular, he noted that Li's proposal that the Sino-Indian boundary should be peaceful, friendly and cooperative has played an important role in maintaining peace and stability along the border.

Li said that difficulties are understandable since Sino-Indian boundary question is a remnant of history. However, he said that as long as both sides have common desire, the issue will be settled on equal ground through

friendly consultations. China will pursue a continued effort to ensure that end, he said.

The Indian defence minister spoke highly of the progress China had made in economic construction since the initiation of the policies of reform and opening to the outside world. He also expressed his country's willingness to strengthen cooperation with China.

General Qin Jiwei, who is also a state councillor and minister of national defence, and General Xu Xin, deputy chief of General Staff of the People's Liberation Army (PLA), attended the meeting.

General Chi Haotian, chief of PLA General Staff, met with and hosted a dinner for the Indian defence minister and his party.

Further on Li's Comments

OW2607144092 Beijing XINHUA Domestic Service
in Chinese 1247 GMT 26 Jul 92

[By reporter Zhou Cipu (0719 1964 2613)]

[Text] Beijing, 26 Jul (XINHUA)—At a meeting with visiting Indian Defense Minister Sharad Pawar this afternoon, Premier Li Peng said: Sino-Indian relations have entered a new stage as a result of the exchange of visits and meetings between Chinese and Indian leaders in recent years. He expressed satisfaction with the smooth development of relations between the two countries.

He pointed out: Both China and India are developing countries which are home to 40 percent of the world's population. The strengthening of unity and cooperation between the two countries will play a positive role in terms of world peace and development.

Li Peng said: China and India share identical or similar views on many international issues. At the UN Security Council summit and the UN Conference on Environment and Development held earlier this year, the leaders of the two countries stated identical positions and views on a wide range of issues on the establishment of a new international political and economic order, human rights, and environmental protection and development.

Pawar said: Premier Li Peng's visit to India toward the end of last year and Indian leaders' visits to China have resulted in new and substantial progress in Sino-Indian relations.

The two sides also discussed the Sino-Indian border question. Pawar said: As far as the border question is concerned, both sides have offered sincere and constructive proposals. Premier Li Peng's proposal that the Sino-Indian border should be peaceful, friendly, and cooperative has played a particularly important role in maintaining peace and stability along the border.

Li Peng said: "Certain difficulties exist in resolving the Sino-Indian border question because it is a remnant of

history. Nevertheless, we believe that as long as both sides have a common desire, the question will definitely be settled on equal ground through friendly consultations. The Chinese side will pursue continued efforts to ensure that end."

Li Peng briefed the Indian defense minister about China's foreign policy, as well as its efforts to accelerate its policy of reform and opening wider to the outside world. Pawar also briefed the Chinese premier about the Indian Government's relevant policies and measures for developing the economy and improving its people's standard of living.

Pawar said: The Indian Government and people admire the great economic achievements scored by China since the implementation of the policy of reform and opening up. India is willing to strengthen exchanges with China in this respect.

Among those present at the meeting were General Qin Jiwei, state councillor and concurrently defense minister, and General Xu Xin, deputy chief of General Staff of the Chinese People's Liberation Army [PLA].

General Chi Haotian, chief of the General Staff of the PLA, met and hosted a banquet for Minister Pawar and his entourage this evening.

Gulf Cooperation Council Seeks Stronger Ties

HK2407084992 Beijing CHINA DAILY
in English 24 Jul 92 p 3

[By staff reporter: "GCC Seeks To Broaden Global Ties"]

[Text] The Gulf Co-operation Council (GCC) hopes to strengthen its ties with China through a series of activities in the next few months.

The organization is planning to open a "GCC Week" in China next May to introduce the cultures of the six GCC member countries to Chinese audiences, said Saif Bin Hashil Al-Maskery, GCC deputy secretary-general on political affairs during a tour around the CHINA DAILY offices yesterday afternoon.

Al-Maskery said establishing good relations with China is important both economically and politically for the GCC countries, which include the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar, and the State of Kuwait.

Al-Maskery's four-member delegation arrived in Beijing on Wednesday for a fact-finding visit, which will last until August 1. The delegation is scheduled to visit Shanghai, Suzhou, and Shenzhen, in East and South China.

Wu Xueqian Meets GCC Guests

OW2507105292 Beijing XINHUA in English
0900 GMT 25 Jul 92

[Text] Beijing, July 25 (XINHUA)—Chinese Vice-Premier Wu Xueqian met with Saif Bin Hashil al-Maskery, deputy secretary-general of the Gulf Cooperation Council (GCC), and his party here today.

Wu briefed the guests on China's reforms and opening to the outside world, and had a friendly conversation with them on strengthening the friendly relations between China and the Gulf countries.

Al-Maskery and his party arrived here July 22 as guests of the Association for International Understanding of China. They are scheduled to leave here for a visit to Shanghai and Shenzhen later today.

RENMIN RIBAO on Rabin's Visit to Cairo

HK2707100292 Beijing RENMIN RIBAO
in Chinese 23 Jul 92 p 6

["News Analysis" column by staff reporter Xu Ping (1776 1627): "Rabin's Visit to Cairo"]

[Text] Cairo, 22 Jul (RENMIN RIBAO)—Shortly after taking office, new Israeli Prime Minister, Yitzhaq Rabin, visited Egypt on 21 July. After holding three-hour confidential talks with Egyptian President Mubarak, he returned to Israel the same day. This was the first meeting between Israeli and Egyptian leaders in six years since former Israeli prime minister Shimon Peres visited Cairo in 1986. Therefore, it was the focus of attention from various quarters.

After receiving U.S. Secretary of State James Baker, Rabin immediately chose Egypt as the first country to visit after taking office as prime minister. The purpose was to explain to the Egyptian side the policy of the new Israeli Government, further strengthen Egyptian-Israeli relations, and change Israel's previous image by a new gesture in seeking to reopen Middle East peace talks.

Egypt is the only Arab country which has official diplomatic ties with Israel. The wish to promote the Middle East peace process is the basis on which Egyptian President Mubarak agreed to hold talks with Rabin, the new Israeli prime minister. However, according to information, even Egypt is skeptical about whether Israel will really stop building settlements in the occupied territories. At the news conference after the confidential talks, both of them tried hard to avoid talking about the substantive contents of the talks. President Mubarak promised to visit Israel in the near future, but a date has yet to be set. Public opinion holds that Rabin's visit to Egypt before holding bilateral talks with Arab countries in Rome is obviously an effort to enlist Egypt as a mediator.

On the Palestinian problem, which is the biggest concern in the Arab-Israeli dispute, Rabin said clearly that he

favors realizing autonomy for Palestine, which is now occupied, according to the provisions on Palestinian autonomy stipulated by the Camp David agreement. According to information, Egypt is working hard to narrow the differences between Israel and Palestine on the problem of autonomy of the occupied territories. At the same time, Rabin also declared that Israel "will never withdraw from all the territories seized in the 1967 war." Obviously, this conflicts with the stand of the Arab side.

Since the Israeli Labor Party won the election and organized a coalition government, Rabin has made a series of gestures toward his Arab neighbors, to show that his position on the Middle East peace talks is different from that of the Shamir government. He said he was willing to visit the surrounding Arab countries, and would welcome the leaders of these countries to visit Israel. He promised he would practice limited autonomy for the Palestinians in the occupied territories. His construction and housing minister also declared openly that the new government will freeze the building of new migration points in some of the occupied territories, but the Rabin administration still insists that it will continue to build "security settlements" in East Jerusalem, the Jordan River Valley, and the Golan Heights. This has already aroused serious concern on the Arab side. Therefore, it seems that this "peace offensive" effort by Israel, as it is called in public opinion circles, has not aroused much of an enthusiastic response from the Arab side. Although many Arab countries admit that the new government of Rabin indeed has a more flexible attitude toward Middle East peace talks than Shamir's government, they still have doubts on how much sincerity Israel really has in the Middle East peace process.

Some commentaries here said that although Egypt currently has smooth channels for dialogue with the United States and Israel, how big a role Egypt will be able to play in the future Middle East peace process depends on actual easing of Arab-Israeli relations, and on whether Israel can make a new choice concerning the crucial link of "exchanging land for peace."

'Analysis' on Mideast Peace Process Acceleration

OW2407222192 Beijing XINHUA in English
2007 GMT 24 Jul 92

["News analysis" by Zhou Zexin: "Mideast Peace Process Accelerated"—XINHUA headline]

[Text] Cairo, July 24 (XINHUA)—A new momentum is gathering in the Middle East peace process as U.S. Secretary of State James Baker made his ninth trip to the region.

The six-day trip, which ended today, took him to six countries where he had talks with Israeli, Palestinian, Jordanian, Egyptian, Syrian, Lebanese and Saudi leaders to get the peace process, stalled three months ago, back on track.

"We in the United States want the talks to resume as soon as possible. Frankly speaking, in all our discussions we did not have any opposition to that idea," Baker said in Syria after talks with president Hafiz al-Asad Thursday.

Baker's trip has been prompted by expectation that Israel's new Labor Party-led coalition will be more flexible in the peace talks, in contrast to the approach of the former Prime Minister Yitzhaq Shamir.

It is still not clear whether Baker carried any specific plan to the region but he did seem to be reiterating U.S. commitment to U.N. Security Council Resolutions 242 and 338, to the land-for-peace principle and providing the parties to the Arab-Israeli conflict to compromise and make a breakthrough in the process.

His assertion in Cairo that the new Israeli Government led by Yitzhaq Rabin would make "substantial and severe curtailment" in Jewish settlement activity in the occupied territories is impressive but does not seem to have convinced the Arab side.

The Arab countries are still worried about the distinction between what Rabin calls "political" and "security" settlements and demand a total freeze of Jewish settlements in the occupied West Bank and Gaza Strip.

Egypt's Foreign Minister 'Amr Musa said Thursday all settlements without discrimination between security and political settlements should be stopped and underlined the importance of this for giving a push forward to the peace process.

Spokeswoman of the Palestinian peace talks delegation Hanan Ashrawi reacted strongly to the latest Israeli announcement to halt plans for more than 6,500 housing units in the occupied lands but to go ahead with more than 10,000 homes.

"All settlement activities are illegal and violate the principles and objectives of the peace process," she said.

It remains to be seen what mutual actions are to be taken by the two conflicting sides on the issue in order to bridge the gap toward understanding.

Baker's talks with Syrian President Hafiz al-Asad is noteworthy. Baker assured the president in their talks that lasted five hours that a Middle East settlement would be comprehensive. The turn would come to discuss the fate of the Golan Heights after a settlement is reached between Israel and the Palestinians and an atmosphere of confidence among the negotiating parties created.

Today's Cairo press did not miss the way in which Baker declared in Syria that there was an opportunity for boosting peace negotiations and that Security Council Resolution 242 meant the exchange of land for peace.

Syria, which still remains skeptical about what Israeli is up to, insists on a comprehensive settlement, fearing that

the Golan issue would be excluded since Israel's new government has promised to give priority to Palestinian autonomy in the occupied territories during peace talks.

Also noteworthy is that President al-Asad reportedly told Baker Syria is ready to sign a peace agreement with Israel and normalize bilateral relations if the Jewish state declares its commitment to relevant U.N. resolutions and a withdrawal from the Golan Heights it seized from Syria during the 1967 Middle East war.

If the report is true that could possibly represent a softening in Syria's position on the issue.

Although Baker's trip was focused on reinvigorating the peace process, it also has another important domestic consideration.

That is the needs to win the votes of American Jews for President George Bush when the U.S. presidential election campaign is entering a very sensitive stage.

A resolution of the issue of 10 billion dollars housing loan guarantees requested by the Shamir government to absorb Jewish immigrants but rejected by the Bush administration will certainly help Bush in the campaign.

But the Arabs have warned the U.S. that giving loan guarantees to Israel without a total freeze on its settlement activity in the occupied territories could jeopardize the U.S.-sponsored peace process.

The peace momentum is also added to by the holding of a number of meetings of the Palestinian leaders in Tunis and the meeting in Damascus today of foreign ministers of Arab states concerned with the peace process.

Egypt, which strongly supports the U.S. initiative for peace talks and is also participating in the Damascus meeting, will undoubtedly urge Arab countries to start negotiations with the Israeli Government under Rabin.

Baker said he was optimistic about the prospects of peace in the region. And the new Israeli Government seems to be making concessions just a little bit at a time.

Lebanese Foreign Minister Faris Buwayz might have summarized the Arab positions when he said any optimism in the recent developments comes through Secretary Baker, and that the new Israeli policy should be tested and judged when the peace negotiations resume.

Li Ruihuan Meets Yemeni Minister of Trade

*OW2507115992 Beijing XINHUA in English
1111 GMT 25 Jul 92*

[Text] Beijing, July 25 (XINHUA)—Li Ruihuan, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met with Fadil Muhsin 'Abdallah, minister of supply and trade of Yemen, and his party here today.

Li said it is one of China's basic foreign policies to develop its relations with the Third World countries, and

that China has attached importance to its friendly relations of cooperation with the developing countries.

The party leader said he believed that the existing good and friendly relations of cooperation between the two countries would be surely further strengthened.

During the meeting, 'Abdallah expressed his appreciation for China's policy of reform and achievements, and thanked China for its support to Yemen.

He expressed the hope that the two countries would expand the achievements from their friendly cooperation in the future.

Li Lanqing, Chinese minister of foreign economic relations and trade, attended the meeting.

Ambassador Meets Lebanese Parliament Speaker

OW2407222092 Beijing XINHUA in English
1657 GMT 24 Jul 92

[Text] Beirut, July 24 (XINHUA)—Husayn al-Husayni, speaker of the House of Deputies or parliament, met and had a cordial talk here today with Chinese Ambassador to Lebanon Chu Bicheng on bilateral relations.

Al-Husayni expressed gratitude to the Chinese Government and people for their continued support for the just cause of the Lebanese people.

He expressed hope that ties of friendship and cooperation between Lebanon and China would steadily develop.

He also said he hoped that the exchange of visits and mutual cooperation between the Lebanese House of Deputies and the Chinese National People's Congress would increase.

West Europe

Zhu Rongji Meets French Parliamentarian

OW2707121192 Beijing XINHUA in English
1045 GMT 27 Jul 92

[Text] Beijing, July 27 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with Jacques Barrot, member of the National Assembly of France, here today. They discussed issues of common concern.

Barrot, former minister of commerce and craftsmen and minister of health and social insurance, arrived yesterday on a personal visit to China as guest of French Ambassador to China Claude Martin.

Nation, Turkey Sign Joint Draft Health Pact

OW2507152092 Beijing XINHUA in English
1448 GMT 25 Jul 92

[Text] Ankara, July 25 (XINHUA)—China and Turkey signed here today a draft agreement on health cooperation between the two countries.

Under the agreement, China and Turkey hoped to necessitate cooperation and solidarity in the improvement of health services and development of commercial, economic, scientific and technical cooperation in the field of medical sciences between the two countries.

The two countries decided to set up a coordination committee in a bid to take necessary steps to put the agreement into practice and the committee will hold its first meeting in Beijing next year.

The agreement was signed by visiting Chinese Vice Health Minister Sun Longchun and Undersecretary of Turkish Health Ministry Tilhan Ozdemire.

Ozdemire said during talks between the two sides that Turkey would send doctors to China to study the medical science of acupuncture and China would dispatch experts to open courses in Turkey for training Turkish doctors on acupuncture.

He also said that Turkey would send experts to China to learn her experience in the field of family planning as Turkey's birth rate has reached over 2.4 percent.

Germany Offers More Wheat, Aid to Shandong

SK2507132992 Jinan DAZHONG RIBAO
in Chinese 26 Jun 92 p 1

[By reporter Li Fengqiang (2621 7364 1730): "Regions in Shandong Which Enjoy Grain Aid Under Sino-Germany Cooperative Projects Have Been Improved"]

[Text] According to the dispatch from the planning meeting held in Qingdao city on the increase of grain aid under Sino-Germany cooperative projects for the counties of Sishui, Linqi, Shanting, and Cangshan, the grain aid program has made marked achievements, thanks to the close cooperation between China and Germany. The German Government has decided to extend the grain aid program from 1993 to the four counties. By 1997, the German Government will offer 46,000 tons of wheat and 7.4 million marks (amounting to more than 61 million renminbi) of free aid to the four counties. This aid will be chiefly used for ensuring the water supply for both humans and animals and for protecting the water and soil resources for concurrently developing farmland irrigation and ensuring the people's nutrition in poor areas. In addition to the domestic auxiliary funds, the total investment in the project expansion will reach 125 million yuan to be used for building 196 water supply stations to deal with the difficulties of potable water for 135,000 people. By adopting biological and engineering measures, comprehensive consolidation will be carried

out among 37 river basins suffering serious soil erosion. The acreage of areas under the consolidation project will be 129 square km; 37 irrigation systems will be built or repaired; and the acreage of farmland using the water-saving irrigation system will be 170,000 mu. The investment in the project expansion will also be used for training 1,500 personnel in charge of construction work, management, and planting trees or fruit trees as well as peasant technicians and administrators. Meanwhile, it will be used for dealing with the difficulties in the road network among 347 villages and for the electricity supply for 219 villages. The project expansion will directly benefit the population of more than 260,000.

Latin America & Caribbean

Brazil To Cooperate in Aerospace Program

OW1707224192 Beijing XINHUA in English
2144 GMT 17 Jul 92

[Text] Brasilia, July 17 (XINHUA)—Brazil and China have decided to cooperate in an aerospace program for the production and launching of two prospecting satellites, Brazil's National Secretary for Science and Technology Helio Jaguaribe announced here today.

The Brazilian Government allocated 2 million U.S. dollars for the project Thursday, Jaguaribe said.

According to an agreement signed by the two governments in 1988, the two remote-controlled satellites will be put into orbit before the end of 1994 and 1995 respectively, Jaguaribe said.

The interchange of technology will allow the two countries to reach the necessary independence in the remote control area and will also allow the commercialization of images and data to be recorded by the satellites, he noted.

Qiao Shi Meets Argentine Supreme Court President

OW2407134692 Beijing XINHUA in English
1322 GMT 24 Jul 92

[Text] Beijing, July 24 (XINHUA)—Qiao Shi, a member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China, said here today that the living standards of the Chinese people will rise even further if they continue to build the country.

Qiao made the remarks during a meeting this afternoon at the Great Hall of the People with Ricardo Eugenio

Levene, president of the Supreme Court of Justice of Argentina, and his wife and party.

The Chinese leader said that China is currently attempting to create a better life for the next generation. "Our present living standards is much better than that of our ancestors, and is much better than that at the beginning of the founding of New China. He noted that this indicated that society and mankind are continually progressing."

He said that China has solved the problem of feeding more than 1.1 billion people, and is accelerating construction while moving forward toward a new goal.

Qiao noted that "the living standards of our people will increase dramatically if the country continues the current path."

Levene said that Argentina has great vitality and a glorious historical tradition which bring bright prospects for the future.

He added that the while Argentina has a small population, its people are very wise and achievements in the country can be linked to its reform effort.

Qiao noted Argentina's achievements and expressed hope that Levene will offer suggestions on the construction of China's legal system.

Levene said that jurists in Argentina recently completed editing seven volumes of criminal law which is relevant to all Latin American countries.

The Argentine jurist referred to the collection of laws—English edition, he received from the Supreme People's Court of China, noting plans to translate them into Spanish upon his return home.

Qiao recalled that Chinese President Yang Shangkun had invited Levene to visit China during his visit to Argentina in May, 1990.

Levene expressed great pleasure at being able to visit China, and requested that Qiao convey his gratitude and greetings to the Chinese president.

Ren Jianxin, president of Supreme People's Court of China, attended the meeting.

Minister, Mexican Envoy Mark Ties Anniversary

OW2507151792 Beijing XINHUA in English
1416 GMT 25 Jul 92

[Text] Beijing, July 25 (XINHUA)—A concert, sponsored jointly by the Chinese Ministry of Culture and

the Mexican Embassy here, was held at the Beijing concert hall this evening to mark the 20th anniversary of the establishment of Sino-Mexican diplomatic relations.

Guest conductor Fernando Avila and the Central Philharmonic Orchestra of China collaborated harmoniously throughout the performance, at which a number of famous Chinese and Mexican musical pieces were presented.

Avila has conducted more than 400 concerts in the Mexico, Germany, Australia, the United States and Peru, sources said.

Alfonso Moreno, visiting famous Mexican guitar soloist, also played tonight to an audience of about 1,500.

Chinese Minister of Radio, Film and Television Ai Zhisheng, Vice Minister of Culture Liu Deyou and Mexican Ambassador to China Jorge Eduardo Navarrete were among those present at the concert.

Political & Social**Further on Sentencing of Bao Tong, Reaction**

HK2507060592 Hong Kong MING PAO in Chinese
25 Jul 92 p 46

[Report: "Full Text of Verdict on Bao Tong at First Instance"]

[Text] Public Procurator: Li Lianjia [2621 6657 0857], Beijing Municipal People's Procuratorate Branch procurator.

The Accused: Bao Tong, 59-year-old male, native of Jiangsu's Suzhou, and former director of CPC Central Committee Research Center for Reform of Political Structure. The accused was apprehended on charges of betrayal of important state secrets and counterrevolutionary propaganda and incitement on 15 January 1991 and is now under custody.

Defender: Yang Dunxian [2799 2415 0341], lawyer of Beijing Xuguang law firm.

Defender: Zhang Sizhi [1728 1835 0037], lawyer of Beijing No. 5 law firm.

Beijing Municipal People's Procuratorate Branch presented the accused Bao Tong's case to Beijing Municipal Peoples' court for public prosecution for betrayal of important state secrets and counterrevolutionary propaganda and incitement on 29 June 1992. This court organized a tribunal bench and opened court to conduct examination of the case in camera on 21 July 1992. The tribunal bench heard the public procurator's statement in support of public prosecution, interrogation of the accused, and the accused's confession, defense and last statement; heard the opinions of the defenders in their defense; and verified testimonies directly related to the case. Verified facts are as follows:

1. At about 2000 on 17 May 1989, the accused, Bao Tong, called a meeting at the CPC Central Committee Research Center for Reform of Political Structure with a dozen or so of his research staff and told them that he might not be able to continue to work with them. Two hours later, when Gao Shan (to be tried separately), a cadre of the research center, learned about the contents of Bao Tong's speech, he asked Bao Tong a question concerning an important state secret; thus, Bao Tong revealed the important state secret to Gao Shan. In turn, Gao Shan revealed the important state secret at a meeting called by Chen Yizi (now at large abroad), the former director of Institute of Restructuring Economy, with the participation of some personnel from the Institute of Restructuring Economy, the State Council Rural Development Research Center, China International Trust and Investment Corporation Research Center for International Issues, and Beijing Society of Economics for Young People.

2. At about 1000 on 20 May 1989, shortly after the State Council made public the implementation of martial law in some areas in Beijing, the accused, Bao Tong, in a conversation with Chen Yizi, former director of Institute of Restructuring Economy, criticized the government for implementing martial law in some areas in Beijing. Bao Tong expressed his approval when Chen Yizi said he would draft excerpts of their conversation into leaflets and have them distributed. When Chen Yizi returned to the Institute of Restructuring Economy, he promptly gathered the institute's leading cadres at department and office levels. At the meeting, Chen Yizi revealed the contents of his conversation with Bao Tong, and designated the participants of the meeting to draft four leaflets, including one called an "Urgent Letter to People Across China," attacking the government, and inciting people to resist and sabotage the enforcement of martial law. Some 1,000 copies of the leaflets were printed and distributed at Beijing University.

The above facts are verified with written evidence and testimony from witnesses. The facts were clear with absolute and ample proof, and are sufficient for cognizance.

This court holds that the accused, Bao Tong, leaked important state secrets during the period of grave turmoil in Beijing in 1989. The circumstances are serious and constitute the crime of leaking important state secrets; the accused, Bao Tong, in collusion with others, conducted counterrevolutionary propaganda and incitement, which constitutes the crime of counterrevolutionary propaganda and incitement. He is seriously guilty and should be punished by the law. To consolidate the government of the people's democratic dictatorship and the socialist system and maintain social order, based on the stipulation in the "PRC Penal Code" Article 86, Clause One, and Articles 102, 64 and 52, we rule as follows:

The accused, Bao Tong, is found guilty of the crime of leaking important state secrets, for which he is sentenced to four years' imprisonment; he is found guilty of counterrevolutionary propaganda and incitement, for which he is sentenced to five years' imprisonment, and he is deprived of his political rights for two years. It is decided he will serve seven years in prison (effective from 28 May 1989, terminating 27 May 1996), with his political rights rescinded for two years.

Should the verdict be contested, the accused is allowed to submit an appeal to a higher court within 10 days following receipt of the court verdict with the appeal and its copy first submitted to this court.

[Signed] Chief Judge Ding Fengchun [0002 7364 2504], Judge Zheng Weiyang [6774 5898 7122], Acting Judge Bao Xibin [4101 5045 2430]

[Dated] Beijing Municipal Intermediate People's Court, 21 July 1992

Lack of Evidence Criticized

HK2507074392 Hong Kong SOUTH CHINA
MORNING POST in English 25 Jul 92 p 8

[By John Kohut in Beijing and Daniel Kwan]

[Text] A written verdict issued by Beijing Intermediary Court reveals that the authorities had virtually no evidence in convicting reformist official Bao Tong, who was sentenced to nine years' jail on Tuesday.

Bao, aide to former Communist Party leader Mr Zhao Ziyang, was convicted of leaking important state secrets and counter-revolutionary propaganda and incitement in a secret trial that lasted less than five hours. The court also ruled that Bao only had to serve seven years in jail.

The verdict—a copy of which has been obtained by the SOUTH CHINA MORNING POST—said that at about 8 pm [1200 GMT] on May 17, 1989, Bao, the head of the former Institute for Restructuring the Political System, called about a dozen of his research staff together and told them he might be investigated and thus would be unable to continue to work with them.

Two hours later he revealed to his aide, Gao Shan, an "important state secret", the verdict said. It did not specifically say what the secret was, but appeared to be referring to the leadership's decision to impose martial law three days later.

In turn, Gao—the verdict said he would be tried separately—allegedly revealed the secret to Mr Chen Yizi, the former director of the Economic System Reform Institute, who is now abroad, and others.

The verdict goes on to outline how Bao engaged in counter-revolutionary propaganda and incitement.

It said that at 10 am on May 20, Bao criticised martial law in a conversation with Mr Chen, who then gathered senior officials from his own institute.

The group drafted four leaflets, including one called an "urgent letter to people across the country", attacking the Government, and inciting people to resist and sabotage the enforcement of martial law, the verdict said. About 1,000 copies were printed and distributed at Beijing University, it said.

Although the verdict claims the allegations were backed by written evidence and testimony from witnesses, it produces nothing to substantiate this claim.

Mr Zhao, who was sacked for sympathising with the students, is not mentioned in the verdict—an apparent attempt to dissociate him from Bao.

The verdict also fails to explain why Bao was held for 2 and ½ years without being charged.

"The court holds that the accused, Bao Tong, leaked important state secrets during the period of serious

turmoil in Beijing in 1989. The circumstances are grave and constitute the crime of leaking important state secrets," it said.

"The accused, Bao Tong, in collusion with others, conducted counter-revolutionary propaganda and incitement, which constitutes the crime of counter-revolutionary propaganda and incitement.

"He is seriously guilty and should be punished by the law."

Bao's family insists he is innocent and an appeal is expected to be filed next week.

"Even based on this verdict, it is clear that it was not Bao Tong who leaked the secret but his aides Gao Shan and Chen Yizi," one source close to the family said. "There is not even a trace of evidence of Bao committing any counter-revolutionary activities."

The verdict also contradicts a report by the official New China News Agency on Wednesday, which said Bao was convicted of "...inciting riots, and opposing and sabotaging the implementation of the state laws and decrees".

Compromise in 'Power Struggle' Seen

HK2607040992 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English 26 Jul 92 p 15

[From the "China Notebook" column by John Kohut in Beijing]

[Text] The sentence handed down last week to Bao Tong, right-hand man of former Communist Party leader Mr Zhao Ziyang, was more than just another chapter in the June 4 saga.

Chinese sources say the seven-year prison sentence was part of a compromise in the power struggle between reformers and conservatives as they attempt to lay stakes for the 14th National Party Congress in a few months.

Conservatives had demanded a sentence of 13 years, the time being served by so-called "black hands" Wang Juntao and Chen Zimin. Reformists wanted Bao to be set free. After all, Bao, like his master, Mr Zhao, stood for the sort of economic changes that are being carried out under a reformist campaign at the moment.

Reformists agreed to the seven-year sentence only after setting certain conditions, the sources believe.

Among these is that Mr Li Peng will be replaced as premier by Mr Zhu Rongji, the favourite of senior leader Mr Deng Xiaoping. Mr Zhu's stock has been on the rise, especially over the past few months, with veteran leaders such as Mr Bo Yibo reportedly backing Mr Deng's choice for premier. The deaths of two conservative elders, Li Xiannian and Deng Yingchao, the widow of Zhou Enlai, also remove some of the hardline resistance to Mr Zhu's elevation.

Communist Party chief Mr Jiang Zemin, criticised by Mr Deng for failing to promote reform, will stay on, but some of his power will be eroded by the creation of a new post, vice general secretary of the party.

Politburo members Mr Qiao Shi and/or Mr Li Ruihuan, in charge of the secret police and propaganda respectively, are expected to be named to the new post.

This would no doubt create tension within the top ranks of the party. Mr Jiang has, according to the sources, privately accused Mr Qiao of protecting Mr Zhao. Indeed, many dissidents believe the post-June 4 purges would have been far more extensive had Mr Qiao, trustee of files on all party and government personnel, not stood in the way.

Mr Li Ruihuan has made his mark as a pragmatist and staunch supporter of the Deng line.

The fate of Mr Li Peng has been the subject of speculation since June 4, 1989. It is now believed that he will take over as president, a largely ceremonial role, from Mr Yang Shangkun, who will retire after next year's National People's Congress.

Reformists wanted to kick Mr Li upstairs to chairmanship of the virtually powerless Chinese People's Political Consultative Conference. The post has been empty since the death of Li Xiannian last month.

However, conservatives have insisted on the more prestigious post of president. This indicates that hardliners are still in a position to press their demands.

Another part of the compromise is to settle Mr Zhao's case by declaring his "mistakes" to fall within the realm of "internal contradictions among the people", which would prepare the way for his partial rehabilitation. Whether he would be given a political post is unclear.

At Mr Deng's behest, Mr Wan Li, a reformist, is expected to stay on as chairman of the National People's Congress.

Of course, the deal will not be cast in stone until the Party Congress.

An expanded meeting of the Politburo, which would include non-Politburo observers such as Mr Zhu Rongji, is expected to take place next month. The National Party Congress could take place as early as late September.

In addition to compromise on personnel matters, the leadership appears to be moving towards some compromise on economic policy as well.

In the run-up to the Congress, conservatives have been forced to moderate their line. This was evident the other week when Mr Chen Yun, a hardliner who ranks among the top handful of elders who run the country from behind the scenes, publicly stated his support for special economic zones, hotbeds of economic reforms.

Meanwhile, reformers have apparently succeeded in redefining the nature of the Chinese economy. Officials no longer talk about a "planned socialist commodity economy"; instead, the current phrase is "socialist market economy", which gives more scope for the development of market forces.

If reformists prevail at the Party Congress, as expected, they will almost certainly push forward with even bolder economic policies.

It is a sad irony that a reformist such as Bao Tong should be sentenced in the middle of his campaign for economic reform. But in the scheme of Chinese politics, Bao still appears to be playing a part in reform, albeit as a sacrificial lamb to conservatives.

Dissident Chen Yizi Willing To Testify

HK2507063892 Hong Kong MING PAO in Chinese
25 Jul 92 p 2

["Special Dispatch": "Dissident Chen Yizi Wishes To Return to China To Testify to Bao Tong's Innocence"]

[Text] Chen Yizi, former director of Institute of Restructuring Economy now in exile in the United States, refuted Beijing authorities' verdict on Bao Tong, saying that "fabricated charges" were forced on Bao Tong. He made the above statement at Princeton University yesterday in a long-distance telephone interview with this paper's reporter. He said that if Bao Tong's appeal is accepted and Beijing authorities allow press coverage and the presence of people from various circles in the gallery during the public retrial of Bao's case, he would like to return to China to testify in Bao's trial.

The authorities' verdict in Bao Tong's case indicated that Bao Tong had revealed state secrets to Gao Shan, but the contents of the "secrets" had been kept in the dark. According to Chen Yizi, Gao Shan made three points at the relevant meeting in his speech: 1) Zhao Ziyang was for holding dialogues with students; 2) Li Peng insisted on enforcing martial law; and 3) Zhao Ziyang intended to resign.

Chen Yizi believed that knowledge of leading members' attitudes and decision-making are the basic rights of the people as well as party members. Bao Tong should not have been charged for "leaking important state secrets," for this charge cannot be founded and does not constitute a crime. Furthermore, Chen Yizi pointed out, Gao Shan had said nothing about the source of the information at that particular meeting; even if Bao Tong had told his aides about such conditions, that did not constitute a crime.

Regarding the authorities' charge against Bao Tong for "expressing approval" for Chen Yizi to print leaflets attacking the government and instigating the masses, Chen Yizi pointed out that he had never told Bao Tong anything about printing and distributing the leaflets, and Bao had no knowledge about it.

Chen Yizi told this paper's reporter in full detail the two incidents involved in the verdict. He said: "At 0900 on the morning of 19 May (1989), some of us friends (from the three institutes and one society—namely the Institute of Restructuring Economy, the State Council Rural Development Research Center, China International Trust and Investment Corporation Research Center of International Issues, and Beijing Society of Economics for Young People) had a meeting to discuss how we should assess the student movement under way, and what we could do about it. At around 1000, Gao Shan came in and told us that General Secretary Zhao Ziyang was for having dialogues with the students, whereas Li Peng insisted on enforcing martial law and Zhao Ziyang intended to resign.

"As a matter of fact, back in early May, we had already learned about Zhao Ziyang's rather moderate attitude toward the students' movement, whereas Li Peng's attitude had been rather tough. This being the case, Gao Shan's words had not affected our original basic view, but made us sympathize with Zhao Ziyang even more, and have greater resentment against Li Peng.

"After the meeting, we made a six-point statement on the situation, expressing the belief that the student movement was a patriotic democratic one, calling for convocation of a special session of the People's Congress and the party, as well as reason in action in support of the student movement, while repeating our appeal to the students to end their fast.

"On the morning of 20 May, I went to see Bao Tong to discuss with him the seriousness of enforcing martial law and express resentment against Li Peng for continuously expanding the state of affairs. I hold that as a CPC Central Committee member and director of the CPC Central Committee Research Center for Reform of Political Structure, Bao Tong should enjoy the right to air his own view on current situation, and that is the least democracy the CPC should allow its members.

"In the wake of my conversation with Bao Tong, I returned to the Institute of Restructuring Economy, and drafted four leaflets. They were: 'Urgent Letter to People Across China,' 'Bill To Urge the National People's Congress [NPC] Standing Committee To Exercise Its Rights,' 'Bill To Urgently Appeal to the NPC Standing Committee To Impeach Li Peng,' and 'A Portrait of Li Peng.'

"I said nothing about distributing leaflets to Bao Tong at that time, and he had no knowledge about it."

Son Comments on Court Verdict

HK2507061092 Hong Kong MING PAO in Chinese
25 Jul 92 p 2

[Special Dispatch: "Bao Pu Questions Truth of Bao Tong's Betrayal of State Secrets"]

[Text] Special dispatch by this paper: This paper obtained yesterday a copy of a criminal court verdict issued by the Beijing Municipal Intermediate People's Court which sentenced Bao Tong to seven years' imprisonment. The verdict offered a relatively detailed description of how Bao Tong "had betrayed an important state secret" in 1989, but did not specify what "important state secret" Bao Tong had betrayed.

Furthermore, Bao Pu, Bao Tong's son, said in the United States yesterday that he was very much astonished after reading the verdict because it could not convince him of his father's "crimes."

The verdict issued by the Beijing Municipal Intermediate People's Court on 21 July only referred to Bao Tong as the CPC Central Committee Political Structural Reform Research Office director but did not mention his highest position as a political secretary to the CPC Central Committee Political Bureau Standing Committee.

The verdict said: The court (collegiate bench) has verified Bao Tong's following two crimes:

The first crime: At around 2000 on 17 May 1989, Bao Tong called a meeting attended by more than 10 of his subordinates in the CPC Central Committee Political Structural Reform Research Office, at which Bao Tong said it was highly likely that he would not be able to continue working with them and would probably be subjected to investigation. At about 2200 that evening, as soon as Gao Shan (Bao Tong's confidant and Political Structural Reform Research Office Comprehensive Bureau deputy chief, who is still being held in prison and has not yet been sentenced) learned what Bao Tong had said, he asked Bao Tong about "an important state secret." Bao Tong told Gao Shan about that "important state secret." Later on, Gao Shan made public that "important state secret" he had learned from Bao Tong at a meeting convoked on 19 May by Chen Yizi, former China Economic Structural Reform Research Institute director.

The truth of Bao Tong's second "crime" listed in the verdict is as follows: At about 1000 on 20 May 1989, soon after Li Peng proclaimed martial law, Bao Tong "attacked both the government and the martial law enforced in some areas of Beijing" during his talk with Chen Yizi in his own office. When Chen Yizi said he would like to "have their talk printed and distributed as a material, Bao Tong agreed."

The verdict said: As soon as he returned to his China Economic Structural Reform Research Institute, Chen Yizi called a meeting attended by cadres at and above department level, at which he "made public his talk with Bao Tong" and assigned the meeting's participants to draft four leaflets, including one entitled "Letter to Compatriots of Whole Country," all of which were aimed at "attacking the government and instigating the

masses to resist and sabotage the martial law enforcement." Chen Yizi also ordered that the leaflets be distributed at Beijing University.

The verdict issued by the Beijing Municipal Intermediate People's Court last Tuesday [21 July] concluded: Bao Tong committed "a serious crime" by "betraying an important state secret" and "a major crime" by "collaborating with others in carrying out counterrevolutionary propaganda and instigation" in 1989 and "should thereby be duly punished."

However, Bao Pu, Bao Tong's son, who is now studying in the United States, said yesterday that after reading his father's verdict, he felt very much astonished. The verdict has made repeated mention of "an important state secret," but did not specify what type of state secret it was. This will undoubtedly make people skeptical about the truth of the so-called betrayal of a state secret.

Bao Pu noted: What is more, the verdict made repeated mention of Gao Shan and Chen Yizi but very little mention of Bao Tong, thus confusing causality.

Bao Pu stated that since he is Bao Tong's son, he will surely side with his father. The objective fact is that the Chinese authorities have spent three years investigating the case and obtained in the end only those materials contained in the verdict, and sentenced his father to seven years of imprisonment on the basis of those materials. He believed that anyone with a common legal sense can make an objective judgment of the case.

Leaders Expected To Give Reformists More Power

OW2607100092 Tokyo KYODO in English 0936 GMT 26 Jul 92

[Text] Beidaihe, China, July 26 KYODO—The Chinese Communist Party will reshuffle its leadership in favor of the reform-minded at its meeting that opens here soon, informed sources said Sunday.

The preparatory talks for the 14th party convention scheduled for this fall will be the first in four years since the summer of 1988, when the brakes were put on the reform drive spearheaded by the former party general secretary, Zhao Ziyang.

Local officials said government and party leaders began arriving at Beidaihe, where they keep summer villas, earlier this month. Among them are paramount leader Deng Xiaoping, President Yang Shangkun, and Wan Li, chairman of the Standing Committee of the National People's Congress.

The sources said the meeting will decide whether Communist Party General Secretary Jiang Zemin, who replaced the disgraced Zhao in 1989 following the military crackdown on pro-democracy demonstrators at Beijing's Tiananmen Square, will remain at the helm of the party.

As Politburo Standing Committee members Yao Yilin and Song Ping are retiring, three of the five vice premiers, Zhu Rongji, Zou Jiahua and Tian Jiyun, will be promoted at the meeting to committee member status, they said.

Political analysts said the promotion of Zhu, who is reportedly favored by Deng, is regarded as a prelude to his replacement of Li Peng as premier at the National People's Congress session next spring.

However, the analysts said it is possible Li will remain in office, or the dovish Vice Premier Tian will instead take his place on grounds Zhu faces resistance from bureaucrats for his coercive approach in seeking reform.

It is unclear whether Li, if forced out of office, would assume the presidency in place of the outgoing Yang, with some observers predicting he will become chairman of the largely powerless Chinese People's Political Consultative Conference, vacant since the death of former President Li Xiannian.

Li Xiannian, a hard-line behind-the-scenes power broker, died at 83 in June.

With reformists taking up most of the Politburo Standing Committee posts when Yao and Song retire at the party convention in fall, Zhao could be restored his lost power, political analysts said.

The sources said conservative patriarchs, Chen Yun, chairman of the party's Central Advisory Commission, and Vice President Wang Zhen, are reported not to be participating in the Beidaihe meeting because of poor health.

Deng 'Pleased' With Standing Committee Makeup

HK2507052392 Hong Kong THE STANDARD in English 25 Jul 92 p 10

[By Cheung Po-ling]

[Text] On the eve of the Beidaihe meeting of most of China's leaders, patriarch Deng Xiaoping was said to be pleased with the list of proposed members of the Politburo's Standing Committee.

Sources said Mr Deng found "satisfactory and acceptable" the new composition of the seven-member Standing Committee which was proposed by a preparatory session of the Central Working Conference that finished on 10 July.

The list, headed by party General Secretary Jiang Zemin, includes Premier Li Peng, Politburo members Qiao Shi and Li Ruihuan as well as three new comers: Zhu Rongji, Tian Jiyun and Zou Jiahua.

Other senior statesmen including Yang Shangkun, Bo Yibo, Mr Jiang and Li Peng would also come to join the crucial sessions scheduled next week.

Sources said although another patriarch, Chen Yun, who is now in Shanghai, would not participate in the series of informal meetings at Beidaihe, his views would be heard.

Observers in Beijing noted that Mr Chen had subtly commended Mr Deng for his achievements in overthrowing the "Gang of Four" in a memorial article mourning the death of senior leader Li Xiannian.

XINHUA NEWS AGENCY on Wednesday reported Mr Chen also praised the construction of special economic zones, the brainchild of Mr Deng.

Sources said Mr Chen's remarks heralded a positive sign that "Deng's line" might triumph in the upcoming party congress.

Speculation was rife that Mr Zhu, now a vice-premier, had emerged as the strongest candidate to replace Li Peng, who in turn would be compensated with the ceremonial post of president.

However, sources said the Jiang-Li Peng combination was likely to remain unchanged after the party congress. The conservative wing of the party is understood to have asked to keep the present posts of Mr Jiang and Mr Li as a "bargaining chip" to allow more reformists into the party's top organ.

Zhu Rongji Said To Conduct Self-Criticism

HK2707011092 Hong Kong SOUTH CHINA
MORNING POST in English 27 Jul 92 p 10

[By Willy Wo-lap Lam]

[Text] Vice-Premier Mr Zhu Rongji has conducted a "self-criticism" in which he admits to being "too self-satisfied" and failing to keep tabs on grass-roots opinion.

Sources in Beijing said the admission could affect the outcome of the on-going high-level meetings at the seaside resort of Beidaihe, which are partly focused on whether Mr Zhu will be promoted to premier early next year.

The sources said Mr Zhu, a protege of patriarch Mr Deng Xiaoping, made the self-criticism at a "party life conclave" within the State Council's Production Office in late spring.

The conference was devoted to promoting "inner-party democracy" among party members in the Production Office, which has since been expanded to become the Economic and Trade Office.

Mr Zhu, who was head of the Production Office, began the session by inviting his colleagues to point out problems in his "leadership style".

A couple of senior cadres noted that Mr Zhu had hurt the feelings of subordinates when he scolded them publicly.

In his "self-criticism", the Vice-Premier said that as a result of being "too anxious for results", he had at times overloaded his underlings with demands.

"I have been quick and forthright in pointing out the mistakes of my colleagues," Mr Zhu reportedly said.

"However, this may affect the spirit of unity and may have a detrimental effect on efficiency."

The former mayor of Shanghai also conceded that he was at times "too self-satisfied and subjective".

Mr Zhu said he had occasionally displayed a lack of respect for cadres working in other government departments.

In addition, he admitted he had not done enough research and investigation, especially among grass-roots units.

"I have not done enough in listening to the views of my colleagues and those of ordinary workers," Mr Zhu reportedly said.

"I have not delegated enough authority to senior cadres (in the Production Office)."

Analysts said news of Mr Zhu's self-criticism, which began circulating in Beijing last week, could cut both ways so far as his chances for promotion were concerned.

They said that while Mr Zhu's enemies could point to his "mistakes", his sympathisers could cite his frank admission of imperfections as indicative of open and honest leadership.

A major focus of the meetings of party elders and other leaders at Beidaihe is personnel issues, especially whether the "leadership axis" of party General Secretary Mr Jiang Zemin and Prime Minister Mr Li Peng would be preserved at the 14th party congress.

The conservatives, headed by elder Mr Chen Yun, want the existing leadership to remain unchanged.

However, Mr Deng has been pushing for the replacement of Mr Li by Mr Zhu.

The patriarch has also indicated his preference for a slightly enlarged Standing Committee of the politburo.

In addition to Mr Zhu, vice-premiers Mr Tian Jiyun and Mr Zou Jiahua are considered favourites for induction into the party's highest council.

The results of the Beidaihe meetings will be endorsed at the ninth plenum of the Central Committee to be called in early autumn.

Qiao Shi Stresses Party School Reform

OW2607132592 Beijing XINHUA Domestic Service
in Chinese 1432 GMT 25 Jul 92

[By Central People's Broadcasting Station reporter Xu Hualin (1776 5478 2651) and XINHUA reporter Liu Siyang (0491 1835 2254)]

[Text] Beijing, 25 Jul (XINHUA)—Qiao Shi, member of the Standing Committee of the CPC Central Committee Political Bureau and president of the Central Party School, today emphatically pointed out that the future path of party schools follows the road toward reform, the development of party schools depends on reform, and the work of party schools should be strengthened through reform. He made these remarks at a national meeting attended by presidents of various party schools.

At the discussion meeting, Cao Mingyuan, president of the party school of the Liaoning provincial party committee; Yan Jiadong, executive vice president of the party school of the Shanghai municipal party committee; and Yang Jingyun, executive vice president of the party school of the Beijing municipal party committee, successively expressed their views on how to develop the party schools' role of being the "three fronts [san ge zhen di 0005 0020 7109 0966] and one furnace," the reform of teaching at party schools, and the management of party schools.

After hearing speeches made by representatives attending the meeting, Qiao Shi said: In light of the new situation and new demand in promoting reform and opening up, party schools at various levels must deeply implement the guidelines of Comrade Deng Xiaoping's important talks and his important thought, and they should further deepen reform. He said: In carrying out reform of party schools, it is essential to stress the reform of teaching. The reform of teaching means we should persist in integrating theory with practice, closely combine the international situation with the actual development of socialism at present, center on the party's basic line, and serve the construction of socialism with Chinese characteristics.

Qiao Shi contended that it is important to carry out reform of teaching at party schools to seriously implement Comrade Deng Xiaoping's guiding spirit that "it is necessary to study the quintessence of Marxism-Leninism and the study should be useful," to study for the purpose of application, and to study useful things. Through study, we should grasp the essence of Marxism and be able to use the Marxist position, viewpoint, and method to resolve actual problems in promoting China's socialist modernization.

Qiao Shi said: We should select and deeply study only a few essential parts of the original works of Marxism-Leninism, including works by Mao Zedong and Deng Xiaoping, which can best express the basic theory of Marxism, such as Comrade Mao Zedong's important expositions on opposing dogmatism and integrating

Marxist basic theory with China's revolutionary practice. Comrade Deng Xiaoping has advanced and developed Mao Zedong Thought, and he has put forward the theory of building socialism with Chinese characteristics and the party's basic line for the primary stage of socialism. These works should be included in the main curriculum at party schools. Party schools should train group after group of leading cadres and theoretical backbone elements who can firmly and unswervingly implement the party's basic line. This is the fundamental and long-range task of party schools.

Qiao Shi pointed out: While placing the study of Marxism at the forefront, party schools should also pay attention to studying economics and modern science. It is necessary to appropriately increase the time of teaching in this respect to expand the scope of knowledge.

Touching on the issue of enlivening the academic atmosphere at party schools, Qiao Shi said: In studying and publicizing theories, party schools should follow the guidelines of Comrade Deng Xiaoping's talks to emancipate people's minds, renew their concept, and break away from the bondage of outmoded and old concepts. He said: Recently, party schools in some localities suggested that nowadays we should make the following changes in mentality: namely, we should change our mentality from one of following everything handed down from books and higher levels to one of respecting facts; change our mentality from one centered on the traditional, highly centralized planned economy to one focused on the socialist market economy; change our mentality from being complacent, conservative, and afraid of taking risks to grasping the opportunity of the time, making progress in a pioneering spirit, and being not afraid of taking the lead in trying out new things; and change our mentality from always first checking whether a move is "socialist" or "capitalist" in nature to objectively analyzing things, being good at borrowing beneficial things, and utilizing beneficial and useful things from capitalist countries. Naturally, it is also necessary to pay attention to resisting some corrupt things. Qiao Shi held that all these opinions are good.

Qiao Shi emphatically pointed out: In emancipating our minds, it is necessary to implement the policy of "letting a hundred flowers blossom and a hundred schools of thought contend," to encourage teaching and scientific research personnel to study the new situation and explore new problems, and to advocate academic debates. He said: We stress the need to integrate theory with practice, but sometimes making mistakes is unavoidable and we should pay attention to correcting them in the practice. We should never torment people, and we must not wantonly criticize people for political reasons from the higher plane of principle, thereby putting labels on them. Naturally, teachers should also frequently make contact with reality and consciously enhance their ability to discern and resist mistakes.

In conclusion, Qiao Shi said: Party school education is to serve the party's central task and basic line. Under today's new situation of accelerating the pace of reform and opening up and grasping the opportunity of the times to promote socialist modernization, party committees at various levels should utilize the party school front, make good use of this contingent, give full play to the party schools' role in cultivating cadres, wholly implementing the party's basic line and using Marxism to explore and study major issues, and turn party schools into an important force in the promotion of reform, opening up, and economic construction. He expressed the hope that party committees at various levels will support and show concern for the reform of party schools, help party schools find ways to resolve actual problems, and create necessary conditions that encourage well-run party schools.

The discussion meeting was presided over by Xie Ju, executive vice president of the Central Party School. Also attending the meeting were responsible individuals from concerned departments, including Chen Zhulin, Zhang Quanjin, Nie Dajiang, Wang Guang, Wei Liangyu, Su Xing, and Xing Benshi.

Bo Yibo Addresses Ideological Prize Winners

OW2507012792 Beijing XINHUA Domestic Service
in Chinese 1038 GMT 24 Jul 92

[By reporter Sun Benyao (1327 2609 1031)]

[Excerpts] Beijing, 24 Jul (XINHUA)—Because of their outstanding performances in ideological and political work concerning reform, opening up, and economic construction, 48 winners of the 1991 "BAN YUE TAN" ideological-political creativity prize were commended in Beijing.

A meeting to present the "creativity prize" was held this morning at the News Building of the XINHUA NEWS AGENCY. Bo Yibo, vice chairman of the Central Advisory Commission; Yuan Baohua, president of the Society for the Study of Workers' Ideological and Political Work; and Guo Chaoren, deputy director of the XINHUA NEWS AGENCY, presented to prize winners certificates of merit and prize cups bearing General Secretary Jiang Zemin's inscription "Do a good job in ideological and political work in the new period." [passage omitted]

Bo Yibo spoke at the meeting. He said: Currently, the whole party and nation are studying, implementing, and publicizing Comrade Deng Xiaoping's important remarks made during his inspection tour of the south. The thinking of all the people of the country should be unified on Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. This is what we call the basic line—one central task and two basic points—that will not change in one hundred years. You prize winners are from various organizations and sectors

in all parts of the country; I hope you will continue to create new experiences in ideological and political work in the future.

In his speech, Yuan Baohua pointed out: In the course of reform, opening up, and economic construction, we should continue to make use of our party's ideological and political strengths. I hope everyone will emancipate the mind, adapt to the new situation, study new problems, gain new experience, and do a better job in ideological and political work. [passage omitted]

Li Ruihuan Cuts Ribbon at Calligraphy Exhibition

OW2707142192 Beijing XINHUA Domestic Service
in Chinese 0401 GMT 26 Jul 92

[Excerpts] Beijing, 26 Jul (XINHUA)—An exhibition of Qi Gong's calligraphic works and paintings opened today at the auditorium of the National Committee of the Chinese People's Political Consultative Conference [CPPCC]. Li Ruihuan, Zhao Puchu, and Qian Zhengying cut the ribbon for the exhibition. [passage omitted]

The exhibition is jointly sponsored by the National CPPCC Committee's Painting and Calligraphy Division, the Central Research Institute of Culture and History, the State Cultural Relics Bureau, the Rongbao Library, and the Beijing Teachers' University. Renowned calligraphers and painters and celebrities from Beijing, as well as noted individuals from Hong Kong, Taiwan, and Japan, visited the exhibition to extend their greetings.

The exhibition will close on 30 July.

Beijing Tourism Official Resigns From Office

OW2407221992 Beijing XINHUA in English
1530 GMT 24 Jul 92

[Text] Beijing, July 24 (XINHUA)—Bo Xicheng, director of the Beijing Tourism Administration, has resigned from public office, and plans to start his own business in the tertiary industry.

According to informed sources today, Beijing Mayor Chen Xitong submitted a proposal to relieve Bo from his post to the Standing Committee of the municipal people's congress on July 16. The mayor's proposal has been approved at a meeting of the standing committee.

In his resignation letter, Bo said the problem China faces at present in reforming the government administrative system is how best to reduce the number of government officials, and allow officials to voluntarily forsake the treatment provided for by the state or commonly known as the "iron bowl", and to try to earn their own living.

"Any reform must have a pioneer to begin the effort," said Bo, adding that "I am willing to exit my public office and earn a living just as any ordinary citizen."

Adjusting Foreign Aid Structure, Character Set

HK2407140092 Hong Kong ZHONGGUO TONGXUN
SHE in English 1316 GMT 24 Jul 91

[Text] Beijing, July 24 (HKCNA)—China is now gradually adjusting its methods and structure of foreign aid to improve its economic and technological assistance to foreign countries.

In recent years, with the deterioration of the economies of quite a number of Third World countries, adopting policies of a free economy and the privatization of enterprises, the simple government to government cooperation of the past was no longer suitable for the present international situation.

The State Council has approved policies and measures drafted by the Ministry of Foreign Economic Relations and Trade and the Ministry of Foreign Affairs regarding the improvement of present work on foreign aid. Aid-receiving countries will be allowed to transfer a loan given by China to private enterprise, according to the new policy. After the privatization of projects aided by China, the Chinese Government will encourage Chinese enterprises to enter into a joint venture with their foreign counterpart.

It is learned that aid-receiving countries and China's relevant departments have not adapted themselves well to the new policy and some shortcomings in the management of the Chinese side have appeared.

Higher Education Reform Meeting Held in Tianjin

SK2407142192 Tianjin TIANJIN RIBAO in Chinese
17 Jul 92 p 1

[Text] As China's economic development, reform, and opening up have entered a new stage of development, higher educational institutes should further emancipate the mind; deepen reform continuously; and open a new road for them to actively meet the needs in the accelerated reform and opening up, economic construction, and social development. This was the common understanding achieved by all the delegates to the third (enlarged) plenary meeting of the State Education Commission's consultative committee for the schools of higher learning under the commission. The plenary meeting was held at Tianjin University on 16 July.

Attending the meeting were Li Tieying, state councillor and concurrently minister of the State Education Commission; Xu Zhijian, deputy secretary general of the State Council; Teng Teng and Zhu Kaixuan, vice ministers of the State Education Commission; Cheng Lianchang, vice minister of personnel; Zhu Lilan, vice minister of the State Science and Technology Commission; and Wang Chenghuai, Qian Qiao, and Yang Hui, leading comrades of Tianjin.

The central subjects of the meeting were implementation of the guidelines of Comrade Deng Xiaoping's important talks given during his southern China inspection tour

and the guidelines of Comrade Jiang Zemin's important speech given at the Central Party School, and study and exploration of new ideas for the reform and development of schools of higher learning. At the meeting, Qinghua University, Tianjin University, Nanjing University, Nankai University, and six other institutes of higher learning introduced their ideas and methods for their comprehensive reform.

Since the third plenary session of the 11th party Central Committee, single-item reform projects of higher education were developed one after another and yielded fairly good results. This has laid a solid foundation for the development and reform of higher education. In the late 1980's the State Education Commission and all schools of higher learning came to understand that the single-item reform projects should be coordinated in order to deepen the reform. Beginning in 1988, the State Education Commission selected six schools of higher learning under it to experiment with the comprehensive management reform. By early last year, the State Education Commission had increased the pilot schools to nine. The practice of the reform has proven that as long as the guiding principles of the reform program are clear and can reflect the desire of the vast number of teaching and administrative staff, reform will proceed smoothly, and school work in various fields will be enlivened. The experiences of the pilot schools have facilitated the progress in the comprehensive management reform of the schools of higher learning under the commission. So far, nearly 30 schools of higher learning under the State Education Commission have drawn up programs for the reform of their management system, and some of them have begun experiments.

Also attending the meeting were all the members of the consultative committee, presidents and party secretaries of the 36 institutes under the State Education Commission, and responsible comrades of the pertinent departments of the State Education Commission and State Council, totaling more than 100 persons.

Military

Jiang Zemin Inscribe Signal Corps Museum Name

OW2707120892 Beijing XINHUA Domestic Service
in Chinese 0436 GMT 24 Jul 92

[By reporter Xu Jingyue (1776 0079 6460) and correspondent Guan Ke (7070 4430)]

[Text] Beijing, 24 Jul (XINHUA)—Another military museum in our country—the Signal Corps Exhibition Hall—officially opened prior to the 65th anniversary of the founding of the People's Liberation Army (PLA). Jiang Zemin, general secretary of the CPC Central Committee, inscribed the name of the hall.

Located on the western outskirts of Beijing, the distinctive exhibition hall uses more than 1,000 pictures and more than 500 exhibits to give a graphic account of the

PLA Signal Corps' glorious past during the 65 years since its birth in the wake of the "August 1" Nanchang uprising in 1927. It depicts how the development of our armed forces have helped augment and strengthen the corps. The exhibits tell the visitors that the first central underground radio station and the Red Army's first broadcasting station were established in 1929 and 1931, respectively. A host of newly verified telegrams serve to correct some inaccurate accounts currently available at home and abroad. They attest to the CPC's use of radio communications to exercise strategic command over the three front armies during the Long March.

Among the valuable items are more than 100 first-grade historical relics. They include an American-style, gasoline-powered generator used by the 1st Front Army of the Chinese Workers' and Peasants' Red Army during the Long March, a telephone switchboard and a telegraph receiving and transmitting set developed by the Yanan Communications Equipment Factory, and various communications equipment impounded during the War of Liberation. Also displayed are the telephone sets used by Zhou Enlai, Zhu De, Deng Xiaoping, Liu Bocheng, Ye Jianying, and Xu Xiangqian during the period of socialist construction; the direct-dial telephone used by Zhang Aiping at the nuclear test site to give a briefing to Premier Zhou in October 1964, when China successfully detonated its first atomic bomb; and communications equipment used by four generations of the Signal Corps since the founding of New China.

Chief of Staff Chi Haotian inaugurated the exhibition hall on 22 July.

Li Tieying Affirms Military Training for Students

OW2407111592 Beijing XINHUA in English
0923 GMT 24 Jul 92

[Text] Dalian, July 24 (XINHUA)—Military training, now the first class for freshmen of some Chinese universities and colleges, used to be something strange and even frightening but now has been accepted and praised by students, parents and members of the whole society.

The students involved praise it as worth the time, their parents praise it as having injected fine qualities in their sons and daughters, and members of the society at large praise it as having prepared capable people for helping with the country's construction.

Wang Hong, a 1991-year student of Fudan University in Shanghai city, was sent to the Dalian Army School to receive military training in the first year of study. As he had lived in ease and comfort at home, he was really afraid of the hardship and difficulties in the army school.

On the first day of reporting to the army school, he snuck away and went home to Shanghai. His father personally sent him back to the school.

After one year, Wang was given a qualification certificate as a reserve service officer of the People's Liberation Army (PLA).

Wang was all smiles, saying military training was worth the time. He said that the country's on-going reform and opening to the outside world need capable people with devotion. Military training has got him on the right track, and he is going to learn the necessary knowledge with new enthusiasm in the years to come, he said.

The goal of sending students from a number of the country's key universities and colleges to the military schools to receive military training is to cultivate devoted specialists for socialist construction, according to an official from the State Commission of Education.

The Chinese Government started the practice of sending freshmen of Beijing and Fudan Universities to army schools in Shijiazhuang, Xinyang, Nanchang and Dalian to receive military training for one year in 1990.

Now more than 340 universities and colleges are following their example to send freshmen for short-term military training. After military training, the students will be back on the university campus to begin their four-year curriculum of regular university studies.

According to the State Commission of Education, in the past three years, the four army schools of Shijiazhuang, Xinyang, Nanchang and Dalian have trained 7,000 freshmen of Beijing and Fudan Universities. Over 3,000 of them have finished their training course.

After a military life, the students are found to study hard and have a high sense of responsibility, said a teacher of Beijing University.

In the summer of this year, a total 1,447 1991-year students finished such training and received qualified certificates from the Dalian and Nanchang Army Schools.

Li Tieying, member of the Political Bureau of the Central Committee of the Chinese Communist Party (CPC), state councillor and minister in charge of the State Commission of Education, made a special trip to Dalian to attend the graduation ceremony of the army school.

Li said that facts have proved that the decision of sending students to receive military training is correct. It is also a kind of reform in the universities and it is successful, he said.

Zhu Kaixuan, vice-minister of the commission, explained that this is an experiment made by the country in accordance with its own tradition.

He said, the Chinese people's Anti-Japanese Military and Political College was set up in Yanan in the 1940s to train intellectuals who had become leaders at different levels. Later, they made big contributions to the construction of the country.

The current military training is aimed at carrying out the tradition and developing qualified personnel for China's modernization drive.

Recently, the Dalian Army School made a survey among the 269 students who finished their military training. They were allowed to keep their own names confidential and encouraged to state their true feelings. Some 51.4 percent of them say the training is a great help to them, and another 45.9 percent say that it is helpful.

Xiao Qing, a girl student, wrote to her parents, saying the military training helped her to foster a good spirit of bearing hardships and undertaking hard work which is beneficial to her growth.

The training has also strengthened their sense of collectivism and contribution to others and the community as a whole, some others say.

Yang Baibing Views PLA Anniversary Exhibits

OW2707114292 Beijing Central Television Program One Network in Mandarin 1100 GMT 26 Jul 92

[From the "National News Hookup" program]

[Text] In commemoration of the 65th anniversary of the founding of the Chinese People's Liberation Army [PLA], a grand exhibition entitled "The People's Army Takes a Huge Step Forward" and an all-army display of artistic and photographic works opened ceremoniously at the Military Museum of the Chinese People's Revolutionary yesterday morning.

Visitors to the exhibition included Yang Baibing, secretary general of the Central Military Commission, and leading comrades from the three PLA general departments, military units stationed in Beijing, relevant departments under the State Council, and Beijing Municipality.

"The People's Army Takes a Huge Step Forward" graphically depicts the PLA's glorious past and fine traditions. It also showcases the tremendous achievements scored by officers and men throughout the armed forces in implementing Comrade Deng Xiaoping's thought on army building during the new era and in carrying out reform and construction.

Liu Huaqing, Yang Baibing Attend Acrobatics Show

OW2707114592 Beijing XINHUA Domestic Service in Chinese 1454 GMT 23 Jul 92

[By reporter Chen Yan (7115 8746) and Liao Yiwen (1675 3015 2429)]

[Excerpts] Beijing, 23 Jul (XINHUA)—Liu Huaqing, Yang Baibing, Qin Jiwei, Chi Haotian, Zhao Nanqi, and other leading comrades of the Central Military Commission watched an acrobatics show staged by the Guangzhou Military Region Acrobatics Troupe at the Air Force Hall this evening. [passage omitted]

The troupe, composed of soldiers of the military region, were given the honor of "Model in the Arts Circles" by the Central Military Commission last year. [passage omitted]

Also watching the show this evening were leading comrades of the three headquarters of the People's Liberation Army and large military units stationed in Beijing, as well as officers and men of the ground, naval, and air forces.

Units Study Deng's Army Building Theory

OW2607212992 Beijing XINHUA Domestic Service in Chinese 0057 GMT 26 Jul 92

[By reporter Hu Nianqiu (5170 1628 4428) and correspondent Jiang Wenming (1203 2429 2494)]

[Text] Beijing, 26 Jul (XINHUA)—While studying military science, an advantageous situation has developed within the People's Liberation Army (PLA). Many high level and high quality theoretical works, translated books, academic theses, and research findings worthy of reference have added color to the study of military science.

In recent years it was learned that our army's military science researchers had completed a series of important findings and reports of strategic significance which concern China's national defense and military building. On this basis, they have further strengthened the study of Marxist military theory and Mao Zedong military thought, and in particular Deng Xiaoping's theory on national defense and army building in the new period. They have compiled, translated, and published with explanatory notes "Works by Marx and Engels on Military Affairs;" have compiled and published with explanatory notes "Works by Mao Zedong on Military Affairs;" and are compiling and editing "Deng Xiaoping's Works on National Defense Construction and Army Building." The military volume of the "Chinese Encyclopedia" compiled by the Academy of Military Sciences, in conjunction with dozens of major military units as well as various scholars, was published and released last year. The "Chinese Military Encyclopedia" is currently being compiled. With the approval of the Central Military Commission, the three general departments of the PLA promulgated a "Table of Military Subjects and Terms" which has provided a base of reference for the army's automation in command and for the storage, transmission, and use of information and data. In addition, many military affairs and war histories have been compiled and published, and military science researchers are now engaged in the study of foreign national defense strategies and military theories. They published a series of books including *The Battle History of the Chinese People's Liberation Army*, *The Battle History of the Chinese People's Volunteers in the War to Resist U.S. Aggression and Aid Korea*, *The Military History of the First Front Army of the Chinese Workers' and Peasants' Red Army*, *A Brief History of Chinese Military History*, *The Science of*

Strategy, The State Military System and An Outline of the Science of Campaigns. Those books have not only relatively high historical and academic value, but some of them have also filled in the blanks in our army's and country's history. In light of the new situation and the problems of national defense and army building which have emerged in the new period, military science researchers have further strengthened their research on theoretical guidance for the actual situation. In recent years, through hard work by the Academy of Military Sciences and other units, our army has successively completed the compilation, drafting, and revision of a series of military orders and regulations of the new generation—including "The Common Regulations"—thus providing a legal basis for the revolutionized, modernized, and regularized building of our army in the new period.

According to an incomplete statistical report, since military science was first included in the state's philosophical and social science research program in 1986, the entire army has completed more than 7,000 research subjects, of which more than 400 scientific research findings received awards at the national and all army level. Those findings have expounded the existing organization and system of our army, and have included forecasts of China's national defense in the year 2000. The wide range of content has almost covered the entire sphere of military sciences.

In recent years, our army has trained a number of relatively high level military theory research personnel and has cultivated reserve personnel for studying cross-century military theory. Our army's military science research work has also established lateral ties with research units of various localities, and has gradually developed contacts with foreign research units and scholars. Our army has successively invited or received visits by several hundred foreign scholars and experts, and has organized many delegations and dispatched personnel to foreign countries to attend international academic meetings. This has expanded the vista of military science research by our army and has strengthened the Chinese Army's influence abroad.

In the wake of the application of modern science and technology, the research methods of our army have also undergone change. Control theory, system engineering theory, information theory, digital methods, electronic computer science, and other modern technology and equipment are now being studied by military science research workers. The military science research units of our army have also applied the theory of military operational research and military engineering to establishing thousands of research models for strategy, battles, and tactics on various scales; for military simulation systems; and for models for special demonstration. They have raised the quality and efficiency of military science research and have provided scientific means for the army's making overall policy in war, training, and other fields.

Army Studies Basic Line for Reform Awareness

OW2607213792 Beijing XINHUA Domestic Service
in Chinese 2256 GMT 25 Jul 92

[By Central People's Broadcasting Station reporters Liu Dejian (0491 1795 0313) and Zhao Ming (6392 2494)]

[Text] Beijing, 26 July (XINHUA)—The broad ranks of officers and men in the People's Liberation Army [PLA] have seriously studied and thoroughly comprehended the party's basic line, thereby improving their awareness about the need to "safeguard" reform, openness, and economic development.

In recent years the PLA has persistently treated systematic and thorough education on the party's basic line as the "fundamental task" in political construction and the centerpiece of ideological construction. It has focused on a particular aspect of education in light of the changes in each year's situation so as to constantly deepen the educational drive. All branches of the armed forces have successively conducted education on upholding the four cardinal principles; on the tremendous achievements in reform and opening up; on enhancing socialist convictions; on upholding the party's absolute leadership over the military; and on the CPC's history, particularly the history of reform and opening up since the Third Plenary Session of the 11th CPC Central Committee. Education on the last subject is mainly aimed at "understanding the truth and strengthening beliefs through the study of history." These education programs have enabled the vast number of officers and men to realize one point: The party's basic line is the sole correct line that can make the country rich and strong, that can help the nation prosper, and that can bring happiness to the people. All participants in the program have taken note of Comrade Deng Xiaoping's call for maintaining this line for a century. We should study, implement, and defend it for 100 years.

In conducting education on the party's basic line, various troops in all branches of the military have concentrated on two aspects—theoretical inculcation and practical education. The General Political Department has specifically devised seven in-service study programs for cadres at or above regimental level. The programs call for taking as basic courses Comrade Deng Xiaoping's theory on socialism with Chinese characteristics as well as his thought on army building during the new era, and for repeatedly studying and thoroughly understanding these courses. In the past several months, over 300 cadres at or above the level of army commander, and more than 4,000 division and regiment leaders throughout the military, have given lectures among the troops in an effort to help officers and men improve their understanding of many key issues regarding socialism with Chinese characteristics.

Guided by the party's basic line, our country has made constant progress in economic development. The military has conducted classes amid the realities of society so as to let officers and men gain first-hand information

during the course of practice. Early this year the General Political Department, with the approval of the Central Military Commission, sent leading comrades from various units in three groups on inspection and study tours to the Shenzhen Special Economic Zone [SEZ], the Zhuhai SEZ, and the Zhujiang Delta. The trips were designed to give the participants first-hand information on the SEZs' achievements. Local comrades were asked to give a briefing on the excellent situation of reform and opening up. The officers and men were taken to factories, rural areas, marketplaces, and development districts for inspection and observation purposes. Through their rich and interesting practical experiences, they came to sense more strongly the powerful impact of reform and openness on the socialist cause.

Acting upon the directives of Central Military Commission leaders, various troops have endeavored to conduct education on the party's basic line at different levels, made the teaching material easy to comprehend and memorize, and adopted lively teaching methods. Particularly noteworthy is that the modern means of electronic education has turned rich teaching material into lively and moving scenes on the screen, thereby enhancing the teaching results. The production of a number of excellent video teaching materials in recent years has advanced education in this regard. These materials include "Marching to the Accompaniment of Internationale," "The Song of the Sun," "Military Souls at Border Posts," and "The Song of China's 1991 Fight Against Floods."

In implementing the party's basic line, the military has gained fundamental experiences in two aspects—that it is necessary to "enhance political convictions and to strengthen the ranks of cadres." In recent years, all branches of the military have steadily improved the ranks of cadres ideologically and organizationally. In particular, they have earnestly implemented the Central Military Commission's call for "study, unity, honesty, and practicality." This has turned leadership bodies at the regimental level into strong military leadership cores that implement the party's basic line.

TV Series on Deng-Led Regiment Completed

OW2307094392 Beijing XINHUA Domestic Service
in Chinese 2233 GMT 22 Jul 92

[Excerpt] Beijing, 23 July (XINHUA) —[Passage omitted] The production of an eight-part television series entitled "The Years Without Regret," which depicts a rarely known period in history during the liberation of the great southwest has been completed.

This television series has vividly reproduced on the screen the contributions made by the Southwest Service Regiment of the People's Liberation Army (PLA) in the years when the regiment procured grain for the PLA units in the southwest to suppress bandits, build political power, and aid in economic development.

Founded in June 1949 with Comrade Deng Xiaoping as commander, the Southwest Service Regiment was basically composed of university youths from Shanghai, Nanjing, and Anhui.

Selected Military Works by Nie Rongzhen Published

OW2707114392 Beijing XINHUA Domestic Service
in Chinese 0401 GMT 24 Jul 92

[By reporter Guo Diancheng (6753 3013 2052)]

[Text] Beijing, 24 July (XINHUA)—The "Selected Military Works of Nie Rongzhen"—a book which Marshal Nie Rongzhen personally examined and approved and paid close attention to before he died, has been published by the Liberation Army Publishing House to commemorate the 65th anniversary of the founding of the People's Liberation Army [PLA].

A great revolutionary and strategist of the proletariat, Nie Rongzhen was one of the founders and leaders of the PLA as well as science and technology for national defense. He was an exceptional leader who served at major party, state, and military posts for many years. He went through the entire process of the revolutionary war in China and repeatedly defeated strong enemies in the many battles in which he took part. After the founding of New China, he dedicated himself primarily to leading the PLA's revolutionization, modernization, and regularization. In these areas, his experiences were ample and his achievements were enormous.

The book is a collection of the best of Nie Rongzhen's military works, incorporating a total of 97 important telegrams, letters, speeches, and other articles which he wrote since he took part in political work during the founding of the revolutionary army; and his participation in the Northern Expedition, the Nanchang Uprising, the Guangzhou Uprising, the Second Revolutionary Civil War, the War of Resistance Against Japan, and the Liberation War during the 1925-1984 period. These works, most of which have never been published, contain a wealth of historical facts, are an important part of Mao Zedong Military Thought, and are precious assets of the CPC and the PLA.

The "Selected Military Works of Nie Rongzhen" will provide invaluable materials for the vast number of readers who study Mao Zedong Military Thought, the history of the CPC and PLA development, and Nie Rongzhen's revolutionary work and his military thought.

RENMIN RIBAO on Infantry Regiment Drills

HK2707032292 Beijing RENMIN RIBAO
in Chinese 12 Jul 92 p 3

[Article by staff reporter Wang Aisheng (3769 5337 3932): "Firm and Solid Backing—Sidelights on Training of No. 1 Regiment of Infantry Division of Xinzhou Ground Force Reserve Service"]

[Text] Three red signal flares were fired from a certain location in Yuanping, Shanxi Province at 0900 [0100 GMT] on 24 June. At the sight of the signal flares, the fighters of No. 1 regiment of infantry division of Xinzhou ground force reserve service valiantly and spiritedly marched onto the drill grounds. Three groups of artillerymen fired with their Model-82 recoilless guns. All three shots hit the targets, arousing bursts of warm applause from among the audience. All the following drill items, including rifle range practice, field battle telephone communication, and unit command map-marking operation, were brilliantly performed. Dong Yunhai, commander of the Shanxi provincial military district; Cao Ding, political commissar of the military district; and Guo Yuhuai, vice governor of Shanxi Province, congratulated the fighters on their outstanding performance.

Members of the infantry division of Xinzhou ground force reserve service have undergone military training strictly according to the requirements set by the CPC Central Committee, the Central Military Commission, and the army headquarters, the Chinese People's Liberation Army [PLA] Military Training Regulations, and the Reserve Service Military Training Outline. Overcoming various difficulties, the infantry division has trained a total of 334 instructors for 16 technical fields, including administrative operations, artillery detachment, signal unit, and engineer unit; while the regiment has on its part trained a total of 163 instructors for heavy machine gun operation and other technical fields. They have also compiled a number of training manuals and plans, organized on-the-spot drilling, and had a total of 2,158 trainees successfully completing training in terms of both quality and quantity, with a 100-percent pass rate for all training items and 62 trainees getting distinction grade for all items. This reporter saw in person the swift and accurate performance in unit command map-marking drills by Gong Baozhu, director of the Industry and Commerce Office of the Industry and Commerce Administration of Yuanping county, Shanxi Province, and concurrently reconnaissance staff officer of the reserve service division.

The firing of three green signal flares marked the end of the drills. The inscription written by General Secretary Jiang Zemin on 1 June 1991 came to this reporter's mind upon the conclusion of the drills: "Achieve the integration of a streamlined and highly trained regular army and a strong reserve force, build up modern national defense." To keep a strong PLA and a strong reserve force is nothing to be ashamed of but a just undertaking. With them China's reform and opening up and our efforts to build socialism with Chinese characteristics will have a firm and solid backing, and the motherland will become more prosperous.

Economic & Agricultural

State Grants Enterprises Full Business Autonomy

OW2407132692 Beijing XINHUA in English
1255 GMT 24 Jul 92

[Text] Beijing, July 24 (XINHUA)—The Chinese Government today announced a 54-article regulation which

grants the country's enterprises full business autonomy, including the right to engage in foreign trade.

The regulation which transforms the operational mechanisms of state enterprises was authored by Premier Li Peng as part of an effort to accelerate the transformation process, as well as to force enterprises to operate in accordance with market mechanisms, and improve economic performance.

Observers here say the enactment of the regulation is a major event in the industrial reform effort, and in economic restructuring as a whole.

The new regulation stipulates that Chinese enterprises will enjoy full operational autonomy in 14 areas, including imports and exports, investments, labor, employment, pricing, marketing, and the right to reject any apportionment of manpower, fund and materials.

The regulation also allows enterprises to make decisions regarding production and operations in line with the state guidelines related to macro control and market demand.

At the same time, enterprises will be allowed to choose any foreign trade organization to act as their import and export agent, and will be allowed to participate in negotiations with foreign counterparts.

In addition, the regulation allows enterprises to provide labor services for contracted and technical cooperation projects in foreign countries.

The 54 articles, which are contained in seven chapters, further define key aspects for the intensification of industrial reform, as well as the purpose, goals, principles and requirements for transforming the operational mechanisms of enterprises.

The regulations emphasize the director (manager) responsibility system for profits and losses, in addition to other types of responsibility systems.

Enterprises will be allowed to alter production, and cease or merge operations, as well as to declare bankruptcy in order to solve problems related to surplus labor, credit and debt.

RENMIN RIBAO Hails Regulations

OW2507094492 Beijing XINHUA Domestic Service
in Chinese 0543 GMT 25 Jul 92

["Full text" of 25 July RENMIN RIBAO editorial entitled: "Accelerate the Pace Toward a Market Economy With Vigorous Mechanisms," issued on the occasion of the promulgation and implementation of the "Regulations on Transforming Management Mechanisms of State-Owned Industrial Enterprises"]

[Text] Beijing, 25 July (XINHUA)—The mighty torrent of reform and opening up is resurging all over the Divine Land.

Inspired by the spirit of Comrade Deng Xiaoping's important talks, people throughout the country have further emancipated their minds and boldly experimented with and pioneered new measures with full vigor, and a gratifying situation has emerged in reform and opening in the past few months. How should the reform of enterprises be advanced? This is a serious question facing each and every state-owned enterprise. The large numbers of cadres and workers have been anxiously awaiting the government to put forward a concrete guiding document for deepening enterprise reform so that there will be a direction for actions and a standard for destroying the old and establishing the new. Today, the "Regulations on Transforming the Management Mechanisms of State-Owned Industrial Enterprises" (hereafter called the "regulations" for short) are formally promulgated and put into force after examination and approval by the State Council. We believe that the "regulations," which have arisen at this historic moment, will certainly be valued and welcomed by all, and play an important role in promoting the reform of state-owned enterprises.

State-owned enterprises form the mainstay of the Chinese national economy. Large and medium-sized state-run enterprises are the pillar of the national economy and provide the main source of state financial revenue. At present, there are some 10,000 large and medium-sized state-owned industrial enterprises with independent business accounting, constituting 2.5 percent of the total number of industrial enterprises in China; however, they produce 45.6 percent of the national gross industrial output value and turn in more than 60 percent of the profits and taxes delivered to the state. To improve the performance of state-owned enterprises, especially large and medium-sized state-owned enterprises, is of crucial importance for liberating and developing productive forces, strengthening our comprehensive national strength, improving the livelihood of the people, and bringing into full play the superiority of the socialist system. For a long time, however, because of the implementation of a highly centralized system of economic planning and because of the integration of government administration with enterprise management, enterprises have become the appendixes of administrative institutions. Devoid of vigor, many enterprises have performed poorly in economic efficiency, while a number of enterprises have suffered heavy deficits. This has not only seriously affected the overall efficiency of state-owned enterprises but also impeded the further development of the national economy as a whole. Should we fail to readjust the product mix and organizational structure of state-owned enterprises and to improve their economic performance, it will be impossible to push the national economy to a new stage of development in a faster and more effective way. The solution and hope lies in reform.

In the past more than a decade, we have continually explored measures, accumulated rich experiences, and scored notable results in invigorating and improving the performance of state enterprises.

Enterprise reform was started following the convening of the Third Plenary Session of the 11th CPC Central Committee. The "Decision of the CPC Central Committee on Restructuring the Economic System," adopted by the Third Plenary Session of the 12th CPC Central Committee in 1984, proposed that the invigoration of enterprises, especially large and medium-sized state enterprises, should be the central link of the reform of the entire economic structure focusing on cities. The "decision" proposed that ownership and managerial right should be separated appropriately so that enterprises can become relatively independent economic entities as well as socialist commodity producers and dealers with managerial autonomy and responsibility for their own profits and losses. The "decision" also proposed that in separating government administration from enterprise management, it is necessary to correctly apply the functions of government organizations in managing the economy. Hence, a clear direction has been pointed out for enterprise reform.

The "Law on State-Owned Industrial Enterprises in the PRC," adopted by the First Session of the Seventh National People's Congress in 1988, has clearly defined the legal status of state-owned enterprises and set up a socialist enterprise system with Chinese characteristics in the present stage. The adoption and implementation of the "enterprise law" has provided the legal basis for enterprise reform and the legislation for the development of enterprises.

The Central Work Conference convened last September discussed, in particular, ways for further improving the performance of large and medium-sized state-owned enterprises under the situation that the major tasks for improving the economic environment and rectifying the economic order had been basically completed. The conference drafted 20 measures, explicitly demanding that the management mechanisms of enterprises be changed and their production be oriented toward a market economy. In view of the unsatisfactory implementation of the "Enterprise Law," the conference decided to formulate the regulations for enforcing the "Enterprise Law." Since then, the State Commission for Restructuring the Economic System, the State Council's Economic and Trade Office and Bureau of Legislative Affairs, and other relevant departments, led by leading comrades of the State Council, worked closely together in drafting the "regulations," conducting in-depth investigation and study, and repeatedly soliciting opinions from various sectors for revising the draft. The "regulations," which did not come easily, are an important statute and the code of actions for invigorating and improving the performance of state-owned enterprises.

The basic spirit of the "regulations" is to change the management mechanisms of enterprises, orient their production toward a market economy, invigorate their vitality, and raise their economic efficiency. For this end, it is necessary to persistently combine responsibility, power, and interests and correctly handle relations

between the state and enterprises, and between an enterprise and its staff and workers. While guaranteeing state ownership over enterprise assets, it is necessary to give effect to the managerial power of enterprises; to strengthen their ability for self-restraint and responsibility for profits and losses; and to link their interests to their economic efficiency, and the labor remuneration of workers and staff to their fruits of labor, thereby liberating and developing social productive forces.

The key to changing the mechanisms of enterprises lies in giving effect to their managerial power. The "regulations," which provide the managerial power for enterprises in 14 detailed aspects as well as concrete statements and additions to the relevant stipulations of the "enterprise law," are highly pertinent and feasible. While adhering to the principles of the "enterprise law," the "regulations" have shattered the relevant existing policies, laws and statutes, and rules and regulations in providing the stipulations on production and management policy decisions, investment policy decisions, pricing of products, import and export operations, personnel and labor, distribution of wages and bonuses, the establishment of internal organizations, and other aspects of the managerial power of enterprises. This will surely exert a significant influence on giving effect to the managerial power of enterprises, further harnessing the enthusiasm of enterprises and staff and workers at large, readjusting the product mix and organizational structure of enterprises, strengthening their ability to develop themselves, and raising their economic efficiency.

Shifting enterprises' management mechanisms is closely related to changing the government's functions. It can be said that shifting the management mechanisms of enterprises will not be possible or cannot be finished if we do not effectively change the government's functions. From the perspective of shifting the management mechanisms of enterprises, the "regulations" have defined relations between the government and enterprises based on the principle of separating the functions and responsibilities of administration from those of management and the need for both macrocontrol and dynamic energy. The "regulations" stipulate that the properties of state-owned enterprises belong to the whole people, namely the state, while the State Council exercises the right of ownership of enterprises' properties on behalf of the state. Meanwhile, the "regulations" also stress that the government and related departments must change their functions, improve their methods of administering enterprises, establish and develop a market system, set up and perfect a social protection system, reduce the burden of enterprises, and carry out coordinated reform in such areas as planning, investment, finance, taxation, banking, prices, supplies, commerce, foreign trade, personnel, labor, and wages. To reduce administrative intervention in enterprise work, the "regulations" have clearly stipulated the legal responsibility for infringing upon an enterprise's rights over management and decisionmaking powers.

The development of all things is based on dialectical unity. "Being responsible for their own management decisions, profits, and losses; practicing self-restraint; and developing on their own initiative"—these duties make up an entity. We must wholly understand and implement them in an all-around way. While giving enterprises full decisionmaking powers over their operations, it is also necessary to emphasize the enterprises' responsibilities for their own profits and losses; to establish and perfect the enterprises' mechanisms of self-restraint; to correctly handle interests among the state, enterprises, staff members, and workers; and to prevent certain enterprises from relying on the state, eating in the canteen the same as everyone else [chi da guo fan 0676 1129 6938 7391] and abusing their decisionmaking powers. In light of the situation in which some state-owned enterprises suffer from serious losses as a result of poor management, mess up state properties, or have excessive disparities in income distribution, the "regulations" have stipulated appropriate measures to increase the responsibility of plant directors (managers) and all staff members and workers for enterprises' operational losses; to increase enterprises' responsibility for making up for the amount of profits and taxes that should be delivered to the state; to increase enterprises' responsibility for latent losses; to strengthen enterprises' responsibility for restraint in distributing income; and to further clarify enterprises' limited responsibilities for their debts. The "regulations" have also clearly stipulated enterprises' legal responsibilities against seriously abusing their operational powers in violation of the law. Thus, the "regulations" have not only effectively solved the present main contradictions in shifting the management mechanisms but also put forward measures for preventing and handling problems which may emerge. The "regulations" have provided a reliable guarantee for the healthy development of the reform of enterprises along the correct orientation.

The "regulations" are the crystallization of experiences in carrying out enterprise reform for more than 10 years, and they have shown the orientation and goals for deepening enterprise reform in the future. Of course, we must enhance our understanding and constantly study and improve our work through practice to successfully run state-owned enterprises under socialism with Chinese characteristics.

In studying and implementing the "regulations," we should take the essence of Comrade Deng Xiaoping's important talks and the important speech made by Comrade Jiang Zemin at the CPC Central Party School as our guidance and integrate the studies and implementations with our efforts to study and implement the guidelines of the central work conference held last September and with the "Enterprise Law," and with conscientious analysis and studying of the actual conditions of various localities, departments, and enterprises. The working class represents the masters of enterprises and the main force in carrying out enterprise reform. In

studying and implementing the "regulations," we should properly follow the mass line and wholeheartedly rely on the working class.

In the harbor of product economy [chan pin jing ji 3934 0756 4842 3444], the wind is gentle, the wave is mild, and there is little risk; however, the boat of enterprise cannot make big developments. In the vast ocean of a socialist market, the wind is big, the waves are rough, and there is a high risk; however, this is the place where enterprises can go full steam ahead and carry out great plans. The orientation is clear and the navigation map is here. Captains and sailors, you can now set sail in a brave manner!

Chen Jinhua Comments

OW2607211692 Beijing XINHUA Domestic Service
in Chinese 0920 GMT 25 Jul 92

[By reporter Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, July 25 (XINHUA)—The State Economic Restructuring Commission, the Economic and Trade Office, and the Bureau of Legislative Affairs of the State Council today convened a joint news conference at the Great Hall of the People to brief reporters on circumstances relevant to the "Regulations Concerning the Transformation of the Operational Mechanism of State-Owned Industrial Enterprises" which have been promulgated for implementation. Chen Jinhua, minister in charge of the State Economic Restructuring Commission, stressed: Enterprises in all localities must engage in efforts to implement the regulations; must speed up the transformation of their operating mechanism; must accelerate the transition to the market economy and the pace of economic restructuring; and must improve economic efficiency.

Speaking of the significance of the regulations, Chen Jinhua said: This is a major event in the reform of China's enterprises as well as in the economic structure as a whole. The regulations will play a significant role in pushing enterprises into market competition, in injecting them with fresh vitality, in helping them improve economic efficiency, and in ensuring the national economy as a whole will enter a new phase in a better and quicker manner.

In explaining the need for drafting such regulations, Chen Jinhua said: First, they are needed to help properly implement in a better manner the series of important decisions adopted by the CPC Central Committee and the State Council on improving state-owned large and medium-sized enterprises. The central work conference which was held last September approached the issue of improving state-owned large and medium-sized enterprises from the high plane of consolidating the foundation of the socialist economy. It made a correct analysis of the relationship between internal and external factors for improving state-owned large and medium-sized enterprises, and stressed the importance of transforming the operating mechanism of enterprises. Premier Li Peng

has pointed out on numerous occasions that enterprise reform is the focus of economic reform in 1992. Transforming the operational mechanism of enterprises is the central link in economic restructuring as a whole. All enterprises must intensify efforts in transforming and improving operational mechanisms. The CPC proposal on expediting reform and opening up to the outside world, as well as work intended to raise the economy to a new level in a better and quicker manner, also set the transformation of the operational mechanism of enterprises as the top priority in accelerating reform. The regulations were drafted as an important measure to carry out the CPC's proposals for improving state-owned large and medium-sized enterprises, and for working to raise the economy to a new level in a better and quicker manner. Second, the regulations will help ensure smoother implementation of the "Enterprise Law" promulgated in 1988. Due to the absence of implementing regulations and other supporting statutes, over the years we have encountered difficulties in implementing the "enterprise law." At the central work conference last September, Premier Li Peng spoke of the need to draft implementing regulations for the "enterprise law." The State Council, with a view to guaranteeing the implementation of the "Enterprise Law" and centered around the key issue of transforming enterprises' operational mechanism, formulated the "Regulations Concerning the Transformation of the Operational Mechanism of State-Owned Industrial Enterprises" as a principal component of the regulations for implementing the "enterprise law." Third, the regulations will help meet the current need of intensifying reform and accelerating its pace. Following Comrade Deng Xiaoping's important speech in the south and the plenary session of the CPC Political Bureau, people in all localities have further emancipated their minds, changed their views, taken new steps, and made new exploration in enterprise reform. Under these new circumstances, there was an urgent need for the State Council to formulate regulations to further clarify the priorities of enterprise reform and to outline the goals, targets, principles, and requirements for transforming the operational mechanisms of enterprises so that people can reach a common understanding and coordinate their efforts in deepening enterprise reform.

Speaking of the main contents of the regulations, Chen Jinhua said: In accordance with the requirements of transforming the operational mechanisms of enterprises, of changing government functions, of separating the functions and responsibilities of the government and enterprises, of properly exercising macro-control, and of lifting restrictions on microeconomics, the regulations—composed of 7 chapters and 54 articles—lay down some new and unprecedented provisions regarding the operational authority of enterprises, the development of self-restrained mechanisms in enterprises, and the stepping-up of state supervision over and expansion of service for enterprises:

—Full operational rights are the precondition for enterprises to become independent socialist commodity

producers and dealers responsible for their own profits or losses as well as for their own decisions about whether to expand. Increased operational rights guarantee enterprises the right in accordance with law to retain, use, and dispose of the assets the state entrusted them to operate and manage. The regulations clearly define the operational rights of enterprises in 14 areas, enabling them to fully exercise their rights on the precondition of keeping or increasing the value of state assets.

- An enterprises' self-restraint mechanism will play an important role in ensuring that state ownership of the enterprises' assets will not be hurt; in increasing accumulation; and in correctly handling relations among the state, enterprises, workers, and staff members. Considering some enterprises are poorly managed, incur serious business losses or loss of state assets, and overly favor individuals in the distribution of proceeds, the regulations enhance the self-restraint mechanism of enterprises as well as their responsibility for their own profits and losses. Emphasis is placed on enhancing the responsibility of the plant director (manager) and the workers and staff members for the profits and losses of their enterprise; on raising the responsibility of enterprises for delivering profits to the state and guaranteeing full delivery; on clarifying the responsibility of enterprises for potential loss; and on raising the responsibility of enterprises for exercising self-restraint in the distribution of proceeds.
- For the purpose of promoting readjustment of the product mix and the organizational structure in enterprises, the regulations contain a special chapter regarding change and termination of enterprises. The regulations stipulate that an enterprise, after properly resettling surplus workers and staff members and solving problems of both financial claims and debts, may shift production to other products; may suspend production while making improvement; or may resort to merger, division, disbandment, or bankruptcy to promote a rational flow of production factors and eliminate inefficient units.
- The government must change its functions so that enterprises can change their operational mechanism. The regulations stipulate that the government should create the necessary conditions and should provide service in four respects in order for enterprises to change their operational mechanism. First is to strengthen macro control and management of various industries, as well as establish a macro control system conducive to enhancing the vitality of enterprises and to ensuring an orderly economic operation. Next is to cultivate and develop the market system. Third is to establish and improve the social insurance system. Fourth is to develop and improve public facilities and public welfare relevant to enterprises so as to ease the social burden on them.
- The change of operational mechanisms in enterprises will certainly require a corresponding improvement in

planning, investment, finance, taxation, banking, pricing, material supply, commerce, foreign trade, personnel, and labor wages. To properly carry out supportive reforms in these fields is of great significance to the establishment of a new structure and operational mechanism of the socialist market economy. For this reason, we may say the establishment of a vigorous operational mechanism for enterprises will further promote reform of the economic structure as a whole.

Chen Jinhua called on everyone in society to mobilize and do a good job in implementing the regulations. He pointed out that improving state enterprises is a task shared by all government departments and all of society, and is not an exclusive task of enterprises alone. He urged everyone in society to work with one heart and one mind, and properly undertake the following:

1. It is necessary to properly study and publicize the regulations. The State Council will issue a circular on implementing the regulations. The Central Propaganda Department, the Ministry of Justice, and the State Economic Restructuring Commission have included the study and implementation of the regulations as an important part of the "second five-year plan for spreading legal knowledge," calling on all citizens to seriously study it and widely publicize it. In particular, leading comrades and cadres within the government, government departments concerned, and enterprises should take the lead in studying, publicizing, and implementing the regulations while implementing the "Enterprise Law," the "Enterprise Bankruptcy Law," and other laws and regulations so as to make new progress in enterprise reform sooner.
2. It is necessary to consider the realities of various localities and departments; to give different guidance to suit different conditions under a unified plan; to popularize the experience of model units; to advance gradually; to seriously implement various specific stipulations in the regulations; and to make competitive enterprises reach the objective of gradually changing operational mechanisms group by group.
3. All localities and departments are urged to seriously reexamine existing rules and regulations concerning enterprise reform, and whatever is contradictory to the "Enterprise Law" and these regulations should be revised or abolished so as to create a good legal environment for implementing these regulations.

Answering some reporters' questions, Chen Jinhua said: Only by implementing these regulations can we make current contractual enterprise operations more vigorous. The key to the implementation of these regulations is the right of enterprises to independent operation. Enterprises should seriously study and profoundly understand these regulations, know how to use and strive for the right to independent operation, and make it their duty to protect that right. At the same time, enterprises should

pay attention to establishing self-restraint mechanisms and to assuming sole responsibility for their own profits and losses.

Chen Jinhua said emphatically: The key to successful implementation of these regulations lies in changing the functions of governments and departments at all levels. If governments and departments continue the old practice of keeping enterprises under rigid control, there is no way to implement these regulations. Of course, in formulating these regulations the concerned departments have repeatedly coordinated with and consulted various localities and departments. So governments and departments at all levels have already considered the question of how to change their administrative functions.

Responsible persons associated with the concerned departments—Wang Zhongyu, Zhang Yanning, Hong Hu, Yang Jingyu, and Li Peichuan—also answered reporters' questions.

Guangdong Governor Calls For Further Opening Up

*HK2407083592 Beijing CHINA DAILY in English
24 Jul 92 p 2*

[By staff reporter: "Top Region Has Fire in its Belly..."]

[Text] Guangzhou—Guangdong Governor Zhu Senlin has said the whole of the southern province should be opened up to overseas investors if it wants to be placed among the major Asian economic powerhouses.

Guangdong has already set itself the goal of becoming the fifth Asian dragon within 20 years, competing with Hong Kong, Taiwan, South Korea, and Singapore.

The Pearl River Delta, which includes the provincial capital Guangzhou and the special economic zones of Shenzhen, Zhuhai, and Shantou, has boomed in the past decade, leading to a flood of investment.

But rising living standards in coastal Guangdong are erasing advantages accruing from cheap processing, making it compulsory for investors to turn to inland areas, where labour costs are still low and natural resources are more abundant.

The governor said it is important to open the whole province wider to attract foreign investment to hinterland areas, where labour is still cheap. According to the governor, Guangdong plans to attract \$20 billion of foreign investment during the 1991-95 period and \$190 billion in the next 20 years, much of which can be channelled to develop the province's hinterland—if preferential policies are made available there.

Meanwhile, Governor Zhu said the province will open its service sector concerning finance, real estate, commerce, consulting services, and tourism to overseas investors.

To push forward financial reform, Guangdong will permit six overseas banks to operate in Guangzhou this year. Two of them have already received approval to open branches in the city.

State Department Stores Counteract Private Rivals

*OW2507142892 Beijing XINHUA in English
1336 GMT 25 Jul 92*

[Text] Beijing, July 25 (XINHUA)—The nation's major state-run department stores are pooling their management resources and purchasing power in the fight against competition from private enterprises.

In Shishi city in south China's Fujian Province store representatives bargained with more than 230 local industrial enterprises during a four-day tour. They ended up buying 240 million yuan worth of clothing, domestic appliances, toys and variety products.

The major retail stores in the deal include the Shanghai No.1 Department Store with annual sales valued at over one billion yuan, and the Beijing and Xidan Department Stores with sales topping more than 600 million yuan.

But while their reputations may be good and their management experience long, they are facing competition from a great number of new privately backed large department stores. To maintain profitability they must cut costs. They have established a retail sale enterprise committee to exchange information on prices, sources of goods and take coordinated management decisions.

Retail Sales Show 'Strong' First Half Year

*HK2607052292 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 26 Jul 92
pp 1, 13*

[By Liu Hong: "Retail Sales Show Strong First Half, But Profits Lag"]

[Text] China's retail sellers enjoyed a brisk business in the first half of this year as the country's billion-plus consumers let go of their purse strings.

And the Ministry of Commerce expects retail sales to surge at an even faster rate in this year's second half.

Official statistics show retail sales in the first half of the year hit 524.6 billion yuan (\$95.9 billion), a jump of 8.6 percent after adjusting for inflation, according to the State Statistics Bureau.

Despite the good news, problems remain.

For one, sales and production increases in the industry haven't been translated into improved profits.

Also, the production increases for some goods aren't always warranted by demand. In some cases, the quality of goods produced hasn't matched up with consumers' demand.

And finally, economists fear that increased buying power of institutions may fuel inflation.

For now, positive predictions for the future predominate. The Ministry of Commerce estimated that retail sales in second half of this year would exceed 556 billion yuan (\$101 billion), bringing the growth rate to 15.3 percent, unadjusted for inflation, which is higher than last year.

Growth in the first half was widespread as 27 provinces and regions posted increases of more than 10 percent.

This hefty retail growth has eased concerns that housing and medical care reforms this year would strain the pocketbooks of most urban residents and cause a reduction in retail sales.

Supply has also improved. The Ministry of Commerce's survey found that products in abundant or adequate supplies accounted for 89.1 percent of total supply, 1.3 percent more than the second half of last year. The survey found that grain, sugar, textile products, meat, eggs and household appliances were plentiful.

The central government raised grain prices twice during the first half, but the price increases provoked little market upheaval.

Government officials contend this reflects solid consumer confidence.

Another factor serving to increase retail sales is the rising incomes of people.

Official statistics showed that urban residents' income increased by 6.5 percent during the time, while rural people's income rose by 12 percent.

Retailers experienced sales increases across a broad range of goods.

Among the products in high demand were modern electrical household appliances and newly-developed foods.

Sales of video cameras, cameras, colour televisions and refrigerators grew by 22.6, 12.6, 8.2 and 5.8 percent respectively.

Demand for some durable consumer goods ranged from strong to nearly nil. Demand for newly-designed, high-tech products exceeded supplies, while ordinary and outmoded products piled up in warehouses unsold.

The "blind expansion" of production in face of limited or waning demand has become a problem in China.

For example, electrical fan producers haven't yet responded to shrinking demand—sales dropped by 2.5 percent in the first half of this year.

Also, the big growth in retail sales has not led to a concomitant profit increase for merchandise enterprises.

The ever-mounting purchasing power of institutions is another unwanted reality, economists say, that tends to add inflationary pressure to the nation's economy.

Statistics showed that in the year's first half, institutional purchases reached 50 billion yuan (\$9.1 billion), an 18.5 percent leap over the same period last year and 4.6 percent higher than individuals' purchases.

Township Enterprises Said 'Crucial' to Reform

HK2207082092 Hong Kong THE STANDARD
in English 22 Jul 92 p 12

[By S.L. Law]

[Text] The visiting vice-chairman of the Chinese People's Political Consultative Conference, Qian Weichang, said township enterprises were crucial to economic reform in China.

Mr Qian, who is Honorary Principal of Shanghai Technology University, said the experience of township enterprises could help reform the management of state enterprises.

"Within just 10 years of development, township enterprises have become China's major producer accounting for more than half of its total value of production," he said.

He said paramount leader Deng Xiaoping had praised the achievements of these enterprises during his visit to the south.

"Apart from firmly recognising the special economic zones, Mr Deng also gave recognition to the booming township enterprises," he said.

Mr Qian said studies should be started immediately on transferring township enterprise experience to loss-making state enterprises.

"This is part of the work for the newly established Production Office under the State Council which is headed by Vice Premier Zhu Rongji," Mr Qian said.

He said many township enterprises were using management methods that were more scientific than those of the state enterprises they benefitted from investment by private capital from their own localities. [sentence as published]

"An obvious example is the factory head responsibility system adopted by most of the township enterprises," he said.

Mr Qian said township enterprises could help work the new development strategy stated in the No 4 document of the ruling Communist Party.

"The idea of developing the seven provinces along the Yangtze River would only be possible if township enterprises continue to flourish in the region," he said.

"Actually, the fate of China's 900 million peasants is linked to these enterprises' future development," he said.

Rules on Land Assets of Pilot Shareholding Firms

OW2607120692 Beijing XINHUA Domestic Service
in Chinese 2234 GMT 25 Jul 92

[Interim Provisions on Administering Land Assets of Experimental Shareholding Enterprises issued by the State Land Administration Bureau and the State Economic Restructuring Commission on 9 July 1992]

[Text] Beijing, 26 Jul (XINHUA)—Land is an important resource, asset, and production means for the country. As economic reform deepens, the system of land use will gradually change to an asset management method based on compensatory supply instead of allocation. In accordance with the "Circular on Printing and Distributing 'Measures Regarding Experimental Shareholding Enterprises'" issued by the State Economic Restructuring Commission and other departments, the following provisions have been formulated regarding the administration of land assets of experimental shareholding enterprises (hereafter referred to as shareholding enterprises):

1. When a shareholding enterprise is reorganized or newly established, the right to use relevant state-owned land must be appraised so that it can be used in buying shares. Land management departments of people's governments at or above the county level shall evaluate land-use rights. The findings shall be submitted to people's governments at or above the county level for examination and approval before they are established as the verified values of land assets.

2. Via documents of approval issued by departments in charge of examining, approving, and incorporating shareholding enterprises (these departments refer to those in charge of economic restructuring at the national and provincial levels during the period when enterprises experiment with shareholding; the same is true with similar references hereafter), a reorganized or newly established shareholding enterprise shall file applications with the land management departments of local people's governments for land registration or amendments to registration. Land management departments shall review the way land is used if shareholding units have obtained certificates authorizing the use of state-owned land before the reorganization or establishment of the shareholding enterprise. If there are changes in the way land is used, amendments shall be made to the registration and the certificates authorizing the use of state-owned land shall be replaced or modified. If such certificates have not been obtained, land management departments shall conduct land surveys to verify the rights, locations, areas, and types of usage in question. After examination and approval, they shall register the survey findings and issue certificates authorizing the use of state-owned land.

3. Land assets which, by way of leasing, give rise to the same user rights as state-owned land shall be used to buy shares along with other assets of shareholding units. The right to use those land assets shall be held by a shareholding enterprise that has undergone reorganization or that has been newly established.

A. The period for buying shares with land assets shall be calculated by deducting from the term for transferring land-use rights the period of usage following the shareholding units' procurement of such rights through transfer arrangements.

B. During the period of transfer of land-use rights, a shareholding enterprise holding such rights must undertake the rights and obligations specified in deeds on the transfer of land-use rights and in land registration documents.

C. During the period of transfer of land-use rights, a shareholding enterprise holding such rights shall pay land taxes according to law.

D. When the deed on the transfer of land-use rights expires, a shareholding enterprise must register with land management departments to nullify its land-use rights in accordance with the law, wherein the said rights shall revert to the state. Should a shareholding enterprise need to continue to use the land, it shall undergo transfer formalities anew at the original land management department, pay for the transfer of land-use rights, and attend to land registration procedures.

4. A shareholding enterprise which has gained the right to use state-owned land through allocation shall become a holder of land-use rights after undergoing formalities to transfer such rights, paying for the transfer, and attending to land registration. Other matters shall be handled pursuant to Item 3 of these "provisions."

5. A shareholding enterprise that uses collectively owned land must file applications with the land management departments of people's governments at or above the county level, along with documents of approval issued by departments in charge of examining, approving, and incorporating shareholding enterprises. With the approval of people's governments at or above the county level, the state shall requisition such land according to provisions governing land requisition by the state for construction purposes and shall lease it to the shareholding enterprise. Alternatively, the state shall designate such land as assets for use in buying shares, in which case the original land owners may buy shares in the shareholding enterprise with compensation and settling-in fees earned by them.

6. The costs of land registration and appraisal shall be handled pursuant to relevant state provisions.

7. The State Land Administration Bureau shall be responsible for interpreting these provisions.

10 Years of Economic Contract Law Viewed

HK2307134092 Beijing RENMIN RIBAO in Chinese
8 Jul 92 p 5

[Article by Gan Guoping (3927 0948 1456), deputy director of State Administration of Industry and Commerce: "Improve Contract Management, Promote Formation of New Mechanisms—Review and Thought of Implementation of 'Economic Contract Law' in Past Decade"]

[Text] This year is the 10th anniversary of the implementation of the "Economic Contract Law of the PRC." The whole party and country are conscientiously studying and implementing the spirit of Comrade Deng Xiaoping's important talks and quickening the pace of reform and opening up. Given this condition, reviewing and summing up the basic conditions in implementation of the "Economic Contract Law" in the past 10 years and continuously tightening and improving economic contract management are of great importance to standardizing the market transaction conduct of enterprises and other economic entities, maintaining the order of commodity transactions, promoting the establishment of a new economic structure and the formation of its operational mechanism, and boosting economic construction as quickly as possible.

The "Economic Contract Law" has been implemented since 1 July 1982. In the wake of China's reform and opening up over the past 10 years, notable results have been attained in the implementation of the law.

First, we have formed a relatively complete legislative system of economic contracts. The "Economic Contract Law" is China's first important law for readjusting lateral economic relations. To ensure its implementation, the State Council has promulgated or approved the promulgation of 13 coordinated administrative statutes, provincial-level people's congresses and their standing committees have formulated nearly 20 local statutes, and the relevant State Council departments and the provincial-level people's governments have drawn up over 100 regulations on contracts and contract management, as well as standardized documents.

Second, the economic contract system has been extensively practiced. Viewed from the number of contracts signed, less than 400 million contracts were signed before 1982. By 1991 some 800 million contracts had been signed across the country. Viewed from contract types and forms, before 1982 there were no more than 10 types of contracts, including purchase and sales and contracting for construction projects. Today, however, in addition to the 10 typical contracts, new contract types and forms have emerged in the course of practice. These include commercial mediation, trust, joint venture, labor service, paid transfer of land use rights, auction, short-term financing, leasing, and so on. Viewed from its applicable scope, the economic contract system has not only been extensively applied in all circulation fields of the commodity economy over the past 10 years,

but some basic principles and systems of economic contract have been applied in vertical relations, such as the enterprise contracted management responsibility system and the labor contract system, which were traditionally adjusted through administrative and labor laws.

Third, the rate of performing economic contracts have increased. Before the "Economic Contract Law" was put into practice, the society as a whole had very poor awareness of the need to abide by contracts and, to a large extent, economic contracts only had symbolic significance. After 1986, the contract performance rate basically stabilized at around 66.8 percent in China. According to statistics, the number of enterprises with 100 percent of contract performance rate rose from 6,105 in 1986 to 100,718 in 1991.

Fourth, achievements have been scored in managing and mediating economic contracts. In the past decade, as contract management organs, the administrative organs of industry and commerce have certified 60.05 million economic contracts with a contract amount of 786.5 billion yuan; invalidated 127,000 contracts with a contract amount of 30.5 billion yuan; investigated and handled 36,000 cases of using economic contracts for illegal activities, which involve an amount of 9.5 billion yuan. Over the past 10 years, mediation organs at all levels have mediated 2.12 million economic contract disputes involving an amount of 46.8 billion yuan, and settled an amount of 20.8 billion yuan in dispute.

Viewed from the development history of the commodity economy, the interested parties of all dealings, from the primitive form of commodity exchange—barter—to its developed form—buying, selling, and leasing, are linked and restricted by contracts. Therefore, in developing the socialist commodity economy, we must pay close attention to establishing and bringing into play the adjustment mechanism of the "Economic Contract Law." Under the traditional planned structure, with enterprise products placed under unified state purchasing and marketing, it is difficult for the economic contract system to genuinely play its role. Such a state of affairs is contrary to the law of value and the rule of competition inherent in the commodity economy.

After reform of the planning structure, the state's planned management of economic development is chiefly manifested in improving industrial policy, drawing up development plans, and maintaining the economy's planning character and order in terms of macroeconomy, total amount, and structure; and issuing mandatory planning on a handful of products and projects that bear heavily on the national economy and people's well-being. Guidance planning should be realized through profits and taxes, pricing, credits, and other economic levers. The basic method by which it plays its role in enterprises' microeconomic activities is to guide enterprises to legally and rationally sign and perform economic contracts. However, in fulfilling mandatory planning, it is necessary to directly turn a planning mandate into a relationship of economic contracts

among enterprises and to rely on various contract forms, such as state order for goods and state efforts to converge production and demand. It can thus be seen that economic contracts not only serve as a basis for drawing up plans but also is a necessary way to fulfill plans.

The microeconomic activities of enterprises are directly subject to market regulation, but this is conditioned by the establishment of a perfect market mechanism. In a sense, the formation of a market mechanism hinges on the development of a market network and orderly market operations. The development of a market network calls for breaking the departmental and closed character of various specialized and tangible markets to enable commodities to flow freely according to the requirements of a huge market. This can only be realized by allowing enterprises to freely and legally conclude various economic contracts without being subjected to trade and regional restrictions. Therefore, we can say the institution of an economic contract system is a basic way to remove barriers between regions and departments. Orderly market operations call for the linkage of various economic behaviors into an entity through a certain link or bridge, i.e., economic contracts. Because economic contracts are a basic legal form of commodity exchange, the market activities of an enterprises find expression in the various economic contracts it signs and performs on the market. We can say, therefore, that a market in operation is a chain consisting of innumerable economic contracts and that market operations are the fulfillment of innumerable economic contracts.

Reform of the planning structure and the formation of a market mechanism require enterprises to develop a production and operational mechanism that determines output according to sales and that balances production with sales. Under this mechanism, if an enterprise wants to get more orders and win over more customers, it should, in addition to being advantageous in terms of production price and quality, also establish an external image of attaching importance to contracts and keeping promises. Only by comprehensively and appropriately fulfilling the obligations (including quality, price, delivery time, and so on) laid down in the economic contract can an enterprise raise its competitiveness.

Reform of the economic structure calls for continued implementation of the economic contract system. In light of the economic development requirements and the successful experience gained in the implementation of the "Economic Contract Law" in the past decade, we should, for a considerable time to come, pay close attention to the following tasks:

1. Guarantee the quality of contracts by certifying [jian zheng 7003 6086] them according to law. Over the years, the rate of performing economic contracts certified by the administrative organs of industry and commerce has consistently stabilized at over 95 percent. This proves that certification is an effective management method. Under the present conditions, it is necessary to continuously widen the management scope of certification, set

stricter certification conditions, procedures, and standards, and focus on certifying planned contracts, those that have bearing on state or public interests, and new contracts which are still not mature.

2. Keep on advancing the system of standardizing economic contracts.

3. Launch in-depth the activity of attaching importance to contracts and keeping promises, and raise the contract management level of enterprises and their consciousness of the need to abide by the contract law.

4. Step up supervision and inspection of economic contracts, promptly identify invalid contracts, and investigate and punish unlawful practices. Reform the mediation system: in a planned, systematic way in the next few years.

Report Details Jan-Jun Economic Situation

OW2007065192 Beijing XINHUA Domestic Service
in Chinese 2101 GMT 19 Jul 92

[State Statistics Bureau report on the situation of economic development in the first half of 1992]

[Text] Beijing, 20 July (XINHUA)—The State Statistics Bureau report, dated 20 July 1992, on the situation of economic development in the first half of 1992:

Since the beginning of this year, the whole country has actively implemented Comrade Deng Xiaoping's important talks made during his southern China inspection tour, as well as the guidelines of the plenary meeting of the Political Bureau of the CPC Central Committee. A new upsurge in reform and opening up has been whipped up, and the macroeconomic operation which showed a steady pickup in 1991 has entered a period of high growth. The macroeconomic monitoring system shows that the economic operation remains within the limits of the green light zone and macrocontrol continues to be active (note: five light zones are used as indicators for the comprehensive appraisal of macroeconomic operation: a blue light indicates a cold economy; a light blue light, on the cold side; a green light, steady economy; a yellow light, on the heated side; and a red light, heated economy). At present, we should further deepen reform, continue to maintain a rough balance between total supply and demand, strive to promote structural readjustment, enhance economic efficiency, and make the national economy climb another step rapidly and properly.

Rough Estimate of Economic Operations

1. Economic operations have entered a high-growth period.

—Economic growth has been accelerated. In the first half of the year, the gross domestic product was 950.1 billion yuan, a 10.6 percent increase over the same period of 1991. A breakdown shows that primary

industries achieved 4.7 percent growth; secondary industries, 15 percent; and tertiary industries, 7 percent.

—Industrial production started with higher standards and economic efficiency has somewhat been enhanced. In the first half of the year, the total output value of industrial enterprises at and above the township level increased by 18.2 percent, as compared with last year's corresponding period. A breakdown shows that heavy industry achieved a 20.4 percent increase of output value, while light industry achieved 16 percent. Total sales registered a 19.1 percent increase over the first half of 1991, with a 21.3 percent increase in the sales of heavy industry products and 16.7 percent increase in the sales of light industry products. While heavy industry production played 45.1 percent of the lifting role [la dong zuo yong 2139 0520 0155 3938] in industrial production as a whole in the first half of 1991, it played 57.8 percent of the role in the first half of this year. The sales of large and medium enterprises increased by 13.8 percent, as compared with the first half of last year. In the first half of this year, the production of capital goods continued the trend of steady growth, electricity generation rose 11.2 percent, and crude oil output was up 2.1 percent, compared with the same period of 1991. Coal output stopped declining in April, and the output in the second quarter was up 3.3 percent from the same period last year. The output increases of other products in the first half of the year included pig iron, 14 percent; steel, 15.1 percent; rolled steel, 18.3 percent; cement, 21.2 percent; and A.C. electric motors, industrial boilers, metal cutting machine tools, motor vehicles, program-controlled telephone exchanges, and other investment products, more than 30 percent. Enterprises' economic efficiency has somewhat improved. Of the six economic indexes in industrial enterprises keeping separate accounts, the profits and tax rates of industrial funds, the profit rate of industrial costs, the labor productivity, and the velocity of funds circulating increased, while the sales rate of industrial products and the rate of net industrial output value remained basically the same in the first five months of this year. Their overall economic efficiency index in the period was 83.25 percent, up 3.38 percentage points from last year's corresponding period. In the first half of this year, the profit delivery and tax payment made by budgetary state-owned industrial enterprises totalled 76.4 billion yuan, up 15.7 percent from last year's same period. The profit delivery alone was 13.4 billion yuan, up 14.3 percent.

—The rural economic situation has been good, showing a good start in agricultural production. A bumper summer grain harvest has been gathered. According to an initial estimate, the total output is expected to reach an all-time high of 103.2 billion kg, up 4.8 billion kg, or 4.9 percent, from last year's output. Both the output of animal husbandry and fishery increased steadily. The output of pork, beef, and mutton totalled

13.26 million tonnes, up 9 percent from last year's same period; and the output of aquatic products was 5.3 million tonnes, up about 10 percent.

Investment has noticeably increased. In the first half of the year, the total amount of investment in fixed assets throughout society was 218.9 billion yuan, up 28.5 percent. Of this, the investments by state-owned units totaled 127.3 billion yuan, an increase of 32.9 percent; those by town and village collective units totaled 38.5 billion yuan, up 58 percent; and those by individuals in town and villages totaled 53.1 billion yuan, increasing 6.2 percent. Investments in local projects and extra-budgetary investments quickly increased; of the increased investments in fixed assets owned by the whole people, the investments in local projects accounted for about 75 percent, and extra-budgetary investments for more than 60 percent.

Domestic market supplies were abundant, and sales steadily increased. In the first half of the year, the total volume of social retail sales was 524.6 billion yuan, up 14 percent; the total volume of social retail sales increased 8.6 percent after allowing for price increases. Two new changes occurred in social purchasing power: One was that part of the purchasing power was switched to financial investment and that residents were enthusiastic about buying treasury bonds, bonds, and shares; and the other was that spending on labor services instead of goods increased. Because of measures taken in housing reform and other aspects, city and town residents in the first half of the year increased their spending 14 percent on things other than goods over the same period of last year.

2. The pace of reform and opening to the outside world was accelerated, bringing vitality to high-speed national economic development.

Since the beginning of this year, reform and opening to the outside had developed in breadth and depth. Enterprise reform continued to deepen. While improving the contract responsibility system, more than 40,000 industrial enterprises across the country experimented on changing their operating mechanisms; state-owned commercial enterprises carried on "four-openness" reform; positive progress was made in experiments on the shareholding system; reforms in housing, real estate, the stock market, the futures market, the social security system, and the revenue-sharing system in some localities were being carried out; price reform was further accelerated; the same prices for grain purchases and sales were realized for the first time; and the prices for some basic products were further readjusted.

The situation in opening to the outside world was gratifying. First, the areas opening to the outside world further expanded. As coastal areas opened wider to the outside world, breakthroughs were made in opening riparian and border areas and provincial capital to the outside world, thus bringing about a situation of all-around opening up. Second, foreign trade remained

brisk. In the first half of the year, the country's total export volume reached \$35.6 billion, a 17.3 percent increase over the same period of last year; its total import volume was \$33.1 billion, up 23.4 percent; the foreign trade showed a favorable balance of \$2.5 billion. Third, remarkable achievements were made in using foreign funds. In the first half of the year, contracts were signed with foreign businessmen for direct investment in 13,047 projects, an increase of 160 percent over the same period of last year; the agreed amount of investment under these contracts was \$14.6 billion, up 220 percent; \$3.2 billion was actually used, increasing 95.6 percent. Fourth, international tourism developed well. In the first half of the year, tourists visiting China (the mainland) increased by more than 10 percent, and foreign exchange earnings through tourism went up by over 30 percent—both were all-time highs.

In the current situation in which the policies of reform and opening to the outside world have been carried out in an all-around way, the momentum for national economic development is positive; however, the operation of the national economy basically remains within its normal scope.

(1) The high-speed development of the economy at present conforms to the periodic law of economic development. The periodicity of economic development is an objective law independent of man's will. With the end of the three years of economic improvement and rectification, accumulated energies should be released step by step. People from all walks of life are very enthusiastic about accelerating the pace of reform and opening up and speeding up economic development. Markets have begun to regain their vigor and vitality, social demands have rapidly gone up again, and various reproduction links have become active. All this has constituted a better mental and a sounder material foundation for high-speed economic development. Judging from this, it is objectively inevitable to enter a period of high-speed growth in 1992.

(2) Total social supply and total social demand have been basically balanced. According to estimates, the rate of supply exceeding demand was 5.1 percent in the first half of the year, 8.3 percent lower than last year, which was manageable. The favorable balance between revenue and expenditure increased, the balance between bank deposits and bank loans decreased, and the state's foreign exchange reserves also went up. Material supplies were abundant. The supply of and the demand for most consumer goods in the domestic markets are basically balanced, or the former exceeds the latter. A fairly large stock of grain, sugar, cotton textiles, meat, poultry, eggs, household electrical appliances, and other durable consumer goods is being maintained.

(3) Consumers have been confident, and the average market prices have showed placid increases. On the one hand, acceleration of reform, opening up, and economic construction lifted people's expectations toward society

and significantly reduced unchecked commodity purchases. On the other hand, growth in people's incomes exceeded the inflation of prices, and the economy could stand greater demands. In the first half of this year, the per capita living-expenditure income of people living in cities and towns jumped 15.3 percent, or 6.5 percent after adjusting for price factors. The per capita cash income of peasants increased by 15 percent, or about 12 percent after adjusting for price factors. By the end of June, the remaining sum of savings deposited by people in villages and townships was 133.4 billion yuan more than at the beginning of the year.

Average market prices remained basically stable. They increased by around 5 percent in the first half of this year when compared to the same period last year. After adjusting for the factors of delayed effects from last year's price adjustments and of this year's price adjustments on grain, other new price-increasing factors only affected increases in retail prices by as much as 2.5 percent. This clearly shows that the present inflation was mainly caused by structural price adjustments, not so much by demand. In the first half of this year, the cost of living for workers and staff members in 35 large and medium cities jumped by 10.5 percent compared to the same period last year. Although the margin of increase was rather high, it was due mainly to the effects of structural price adjustments and to increases in vegetable prices following lowered production after disasters occurred. From this trend, we can see that following the elimination of the factor caused by the delayed effects of last year's price adjustments and the advent of the peak season for vegetables, the margin of increases has started to shrink, and the cost of living for workers and staff members has dropped 1.6 percent in May compared to the previous month and 1 percent in June compared to May.

Overall economic operations indicated that the present situation is good and that the various macropolicies set by the State Council to adapt to the new situation is correct and have achieved significant successes. Issues We Should Pay Attention to in Economic Operations [subhead]

1. Too many investment projects have been launched, and the scale of on-going construction tends to be too large.

In accelerating economic development, many localities have not extricated themselves from the thinking of constructing projects that they will exclusively or mainly depend on and are still implementing the old concept of expanding re-production through the method of extension. In the first half of this year, 18,886 investment projects for capital construction and upgrading, which involved over 50,000 yuan each, were launched. That was an increase of 4,455 projects compared to the same period of last year or an increase of 30.9 percent. The proportion of newly started projects to the total number of projects conducted climbed to 27.1 percent from the 24.9 percent of the same period of last year. The total

scale of construction projects currently undertaken by the state-owned sector of the economy has surpassed 1 trillion yuan, or an increase of 18.8 percent over the same period of last year. The situation whereby our investment in the construction of projects exceeds our estimation is still serious.

2. The problem of structure is more prominent.

Regarding the structure of supply and demand, growth in investment has exceeded growth in heavy industry. Although previously in excess, the supply of investment goods is becoming short, and prices have been increased on some construction materials. Consumption growth is still slower than increases in light-industry production. The problem of production overstock is still glaring; at present, the rate of marketing for light industry products is only 90.3 percent, which is far below the normal level of around 97 percent and 3.5 percent below that registered by heavy industry.

The next problem is that the growth of tertiary industry remains slow in the economic growth as a whole. In the first half of this year, the growth rate of the tertiary industry was eight percentage points lower than that of the secondary industry and 3.6 percentage points lower than the overall economic growth rate. In particular, rail transport capability was noticeably smaller, with a less than 70 percent freight satisfaction rate, or 10 percentage points lower than last year's corresponding period; and the transport shortage was even greater on some key sections of railroads. Although primary industries enjoyed steady growth, the disconnection between production and marketing of major agricultural products became worse.

The third problem is that in total investments, the ratio of investments in basic industries dropped, while the ratio of investments in processing industries increased. Of investments in fixed assets made by state-owned units in the first half of this year, investments in energy projects dropped to 24.4 percent from 28.1 percent, and investments in transport and posts and telecommunications decreased to 14.5 percent from 15.3 percent, as compared with last year's corresponding period; in the meantime, investments in processing industries rose to 13.8 percent from 12.2 percent. Of investments technological upgrading, the investment in expansion for the purpose of increasing production was as high as 33.9 percent.

In addition, bank loans increased rapidly and went beyond their original ceiling, while the amount of withdrawn surplus paper money decreased in the first half of this year, as compared with the first half of last year. Enterprises' overall economic efficiency remains relatively low, and the situation of low output from high input has not yet improved.

The deep causes of the aforesaid problems are problems of the economic structure and economic operating mechanism. They show in a concentrated way that our country's investment system, banking system, enterprise

operating mechanism, and market system still cannot meet the needs of a socialist market economy. For this reason, it is necessary to solve the problems by further deepening reform. Recommended Macrocontrol Measures for the Second Half of This Year [subhead]

The economic development trend of the whole year shows that many favorable factors exist, as well as factors of instability, in our economic operation. Macro- and microcontrol should be exercised simultaneously to maintain a rough balance between total supply and total demand. We should strive to readjust the economic structure, enhance economic efficiency, further reform and opening up, and make the economy climb up another step rapidly and properly.

1. It is necessary to persistently control total supply and demand and keep a rough balance between them. Emphasis should be put on actively guiding investment demands and prudently controlling the credit scale.

(1) We should regulate and control the investment scale strictly according to the state industrial policies and demands as well as the capital fund conditions. Although an annual investment in fixed assets much larger than the planned amount will not yield a very bad effect within the year, it will have a delayed effect later. The delayed effect, plus the overlapped construction projects accumulated over the years, will worsen the irrational distribution of resources and produce great effects in later years. For this reason, it is necessary to adopt effective measures to stop repetitive construction and blind construction and to restrict the scale of investment in processing industries. In addition to adopting administrative measures to restrict repetitive construction and blind construction, we should also make efforts to deal with the investment system and the legal system. To deal with the investment system, we should mainly solve the investment interest problem, practice the policy of letting investors enjoy the benefits exclusively and the policy of distributing proceeds according to investment shares, encourage transregional and transdepartmental manpower, material, and financial investment, guide society's capital flow, do several important things, and build construction projects which can help make the economy climb up another step rapidly and properly. As for the legal system, we should accelerate investment legislation, regulate investors' investment behavior, enforce the responsibility system, strengthen the investment restraining mechanism, and solve the blind investment problem once and for all.

(2) We should properly control the credit increase and strive to keep the year's scale of loans and money supply within rational limits. We should persistently exercise quarterly regulations and control to achieve the annual goal and strive to avoid extending loans beyond the planned scale. While striving to do a good job in overall control, we should take a further step to optimize the credit structure and extend loans strictly according to the objectives and demands of the state's macrocontrol. We should step up inspections on using loans. In addition,

we should properly control the increase of spending cash, actively stabilize savings deposits, increase the withdrawal of surplus money from the market, and reduce the pressure of money supply.

Moreover, we should use the means of international exchange in regulating the imbalance between supply and demand at home.

2. It is necessary to step up structural readjustments to ensure sustained, high-speed economic development. A salient contradiction in economic development at present is irrational economic structure, and this is crucial to whether high-speed economic development can be maintained. Structural and mechanical problems are behind such irrational structures, and they should be solved through deepening reform. It is necessary to readjust stock [cun liang 1317 6852] structure mainly through structural reform, by removing regional and departmental barriers, and by not hesitating to go bankrupt and encouraging enterprise mergers; efforts should also be made to switch the surplus yet essential factors of production in industrial enterprises to tertiary industry and to speed up the development of commerce, trade, transportation, communications, finance, insurance, real estate, scientific and technological services, and information consulting services. The increment [zeng liang 1073 6852] structure should be readjusted mainly through the reform of mechanisms: First, it is necessary to readjust the investment structure with profit mechanisms, to appropriately readjust the scope of the central government's investment, to increase the amount of bonds issued by the state, and to strengthen the building of infrastructure according to priorities; the state should rely mainly on market mechanisms and economic levers to regulate and control investments in the processing industry. Second, it is essential to readjust the distribution of super profits, with a view mainly to rationalize prices, promoting fair market competition, strictly implementing tax policies, and accelerating the pace of reforming the revenue-sharing system. In addition, administrative means should also be used to help speed up such readjustments.

3. Vigorous efforts should be made to carry out reforms to promote sound economic development. First, it is imperative to speed up the reform of prices for capital

goods. On one hand, since the increase of consumption in domestic markets is steady and the impact of reforming prices for capital goods on the prices of consumer goods is limited, it is now an opportune time to reform the prices of capital goods; on the other hand, the reform of prices for capital goods is conducive to structural readjustment and an accurate appraisal of enterprises' economic returns, promotes a rational distribution and efficient use of resources, and helps to avoid the drain of state wealth and economic disorder. This also promotes the change of extensive management to intensive management. For this purpose, it is, therefore, proposed that we adopt methods of combining control with deregulation and price measures with tax measures—that is, while reducing the income tax rates for enterprises, prices for capital goods should be further rationalized. Stress is to be put on speeding up the reform of prices for capital goods and deregulating their prices step by step by relying mainly on market regulation. Second, it is essential to speed up the change of government functions and to give decisionmaking power in management to enterprises to carry macroeconomic reform and the reform of changing enterprises operating mechanisms at the same time and to institute the macroeconomic regulation and control system and microeconomic operating mechanisms truly meeting the requirements of the commodity economy.

4. Efforts should be made to speed up economic legislation to bring economic construction, reform, and opening up into line with the legal system. With the change of government functions, one of the priorities of various relevant government departments is to pay close attention to laying down laws and regulations. First, they should speed up formulating laws and regulations on the market system, including laws and regulations on trade, competition, prices, taxation, investment, and the transfer of property rights so that the market will be able to operate according to the law. Second, it is necessary to speed up the enacting of laws on the system of macroeconomic regulation and control, including laws and regulations on planning, banking, and budgeting, in order to avoid arbitrary regulation and control. While speeding up enacting laws, it is necessary to strictly inspect law enforcement, maintain the authority of law, and achieve better results in law enforcement.

East Region

Anhui Makes Gains in Opening to Outside World

OW2607163592 Beijing XINHUA in English
1608 GMT 26 Jul 92

[Text] Hefei, July 26 (XINHUA)—Anhui, an inland province in east China has made efforts to catch up with the coastal areas in opening to the outside world.

Anhui, historically an agricultural province, has been granted autonomy to adopt preferential policies in regards to foreign trade and the use of foreign funds.

In the first half of 1992, the province has recorded a record export volume of over 300 million U.S. dollars.

The province has also approved 105 foreign-funded enterprises, with investments of 41.65 million U.S. dollars, thereby exceeding the total foreign investment for the previous year.

The province, which has adopted favorable policies for foreign investment, plans to develop Wuhu city and three other cities along the Yangtze River into special zones for overseas investment. The four cities have convenient water transportation and are expected to serve as a window to the outside world.

Anhui has opened the harbor of Wuhu city to international shipping, and has established an economic and technological development zone in the city. In the next three and one-half years, the province will invest over 35 billion yuan in construction of other development areas along the Yangtze River.

Hefei, the provincial capital, and Huangshan Mountain—one of the world's famous tourist sites, will be developed into an area which will ensure the province's economic development.

Following Deng Xiaoping's visit to south China coastal regions earlier this year, the central government has called on all local governments to accelerate pace of reform and opening to the outside world.

Since that time the province has increased efforts to develop an open economy, a fact exemplified by a provincial edict to pursue a policy of "one string and two points." "One string" refers to areas along the Yangtze River, while "two points" refers to Hefei city and the Huangshan Mountains.

Local officials say the the province will concentrate resources on development in these areas in order to achieve economic growth that nears the growth level of the country's coastal regions.

The province has also expanded the autonomy of local governments by granting them authority to approve foreign funded enterprises. Since early May of 1992, the province has approved foreign invested projects at an average rate of 1.4 projects per day.

The province has also granted foreign trade companies full autonomy to engaged in imports and exports.

The province has actively introduced foreign funding in its effort to develop its financial and real estate markets. For example, real estate companies have been jointly formed between the province and overseas companies in a number of cities in the province, including Hefei, Wuhu, Tongling and Bengbu. Foreign investment in financial and real estate projects in the province is expected to exceed 100 million U.S. dollars during 1992.

Hefei Promotes Infrastructural Construction

OW2707073192 Beijing XINHUA in English
0645 GMT 27 Jul 92

[Text] Hefei, July 27 (XINHUA)—Hefei city in east China's Anhui Province is promoting its infrastructure construction and improving its investment environment to prepare for a major economic uplift.

Two expressways linking this capital of the province with Wuhu, a port city on the Yangtze River, and Tongling are under construction. Roads to the Hefei airport and the northern cities of the province have already been completed. The Nanfei River is to be dredged and widened to facilitate the navigation of large ships. The construction of a railway line linking Hefei and Jiujiang, a key project, will be finished soon. Meanwhile, a railway line to be built linking Nanjing with Xiangfan is planned to run through Hefei.

Hefei's high-tech development zone has been expanded and opened to the outside; five industrial zones have prepared land for investors from Taiwan; many large and medium-sized enterprises are expecting to establish joint ventures with their foreign counterparts; 112,000 square meters of commercial buildings, 10 large department stores and 10 large markets are under construction in the city to promote the development of the service sector.

During the first half of this year the industrial output value, sales volume and pre-tax profits of the city increased by 23 percent, 18.2 percent and 32.3 percent, respectively over the same period of last year; the output value and pre-tax profits of the province's rural enterprises increased by 85.5 percent and 79 percent, respectively; exports accomplished 68 percent of their target for this year; and foreign investments surpassed the total for last year.

Fujian Encourages Investment in Tertiary Industry

HK2407100192 Beijing ZHONGGUO XINWEN SHE
in English 0749 GMT 24 Jul 92

[Text] Fuzhou, July 24 (CNS)—The Fujian Provincial Government recently adopted several measures to encourage foreign investment in tertiary industry.

First, it will introduce foreign capital in the development of financial business, actively and properly introducing

Taiwan-funded, Overseas Chinese-funded and foreign-funded banks or set up joint-ventured financial companies and leasing companies, as Fuzhou will soon be approved as a city financially open to the outside world.

Xiamen's financial reform will be accelerated to enable it to develop as a regional financial centre. The business of foreign-funded financial institutions in special economic zones will be expanded to include Zhangzhou, Quanzhou and Longyan.

Second, it will encourage foreign businessmen to invest in infrastructural facilities such as harbours and express highways by comprehensive compensation policies. For the construction of an express highway, the builder will be entitled to collect highway tolls and foreign investors will be allowed to develop real estate at highway crossings and establish gas stations, parking areas, hotels, and car repair shops along the highway. For the construction of a harbour, the builder will be allowed to run a shipping fleet, operate warehouses, and develop real estate within the harbour area.

Third, it will encourage foreign businessmen to develop commerce and trade. Foreign businessmen will be encouraged to set up large-sized commercial facilities, large malls, specialized wholesale markets, and futures trading markets. The construction of 15 joint-ventured or cooperative-ventured large malls and 100 supermarkets is now underway.

Fourth, it will encourage foreign businessmen to invest in service items for production and daily life including information, entertainment, food and beverages, and tourism. Mount Wuyi, Meizhou Island, and Pingtan Island will be developed as tourist economic zones opening to the outside world in order to attract foreign investment.

Fifth, it will encourage foreign businessmen to develop real estate with preferential policies. The renovation of old cities and the construction of new cities will be integrated with the utilization of foreign capital in the development of real estate.

Six Guangdong Drug Dealers Arrested in Xiamen

HK2507014792 Beijing ZHONGGUO XINWEN SHE in English 1336 GMT 24 Jul 92

[Text] Xiamen, July 24 (CNS)—Six drug dealers from Puning County in Guangdong Province were arrested in Xiamen on July 21 and more than 3.3 kilograms of heroin was seized.

Lin Yanmin, aged 27, purchased a quantity of heroin in Puning County and the drugs were brought to Xiamen by six persons including Li Li and Qiu Yuehan.

The Xiamen Bureau of Public Security after receiving a tip-off sent detectives in disguise to make contact and act as buyers on July 18. All members of the gang were arrested on the morning of July 21.

The case is at present under further investigation.

Jiangsu Drafts Tax Policies To Attract Investment

OW2507105192 Beijing XINHUA in English 0928 GMT 25 Jul 92

[Text] Nanjing, July 25 (XINHUA)—The provincial government of east China's Jiangsu recently instituted new preferential taxation policies to attract more overseas investment.

The new policies, which include tax exemptions and reductions of income tax, were designed to expand the province's effort to open further to overseas investors.

The policies stipulate that an overseas funded enterprise will be granted an exemption from local taxes if exports account for at least 50 percent of its output.

In addition, all the overseas funded firms located in the province's various development zones receive an exemption from local income taxes.

However, the new policies do not benefit firms with only branch offices in the province, according to a local government official.

At present, the province has opened nine cities, 40 counties and 1,199 townships to overseas investors.

Since the beginning of 1992, the province has experienced a surge in overseas investments, and, according to the provincial government, Jiangsu approved some 2,022 overseas funded firms during the first six months of the year.

Jiangxi Agricultural Delegation To Tour Australia

HK2507030292 Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 15 Jul 92

[Text] To further strengthen exchanges and cooperation between Jiangxi and Australia in agriculture and animal husbandry and to better introduce Australia's advanced agricultural technologies and fine breed livestock, a five-member Jiangxi agriculture delegation headed by Vice Governor Shu Huiguo will visit Australia on a study tour from 18 to 25 July at the latter's invitation.

The delegation left Nanchang for Beijing by air today and will fly to Melbourne from Beijing on 17 July. Sending them off at the airport were Vice governor Chen Guizun and persons in charge of relevant departments.

Hailstorm Damages Crops in Shandong Province

SK2607052392 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 25 Jul 92

[Text] From 0600 on 23 July to 0600 on 24 July, some cities and counties in Dezhou and Binzhou prefectures were hit by a hailstorm. Qingyun and Ningjin counties and Leling city suffered serious damage. According to statistics, 580,000 people from among 900 villages of 37

townships and towns throughout the two counties and city were plagued by the disaster. The acreage of farmland affected by the disaster reached 40,000 hectares, 26,000 hectares of crops have been destroyed, those on 7,000 hectares have been thoroughly destroyed, and 18,000 animals died during the disaster. Of the affected areas, Qingyun County suffered the most damage and 200,000 people from 300 villages of 16 townships and towns in the county were plagued. Forty-thousand rooms collapsed and crops on 150,000 mu of farmland suffered. The administrative offices of the two prefectures and the leading personnel of the departments concerned have now rushed to the affected areas to extend their regards to the residents and to join local cadres and people to combat the disaster by draining flooded fields.

Shanghai Economy Shows 'High Growth Rate'

HK2607033492 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT SHANGHAI FOCUS SUPPLEMENT) in English 26 Jul 92 p 1

[By staff reporter Chen Weihua: "GNP Up; Restructuring Slow"]

[Text] Shanghai's economy has shown a high growth rate during the first half of the year but slow economic restructuring and poor efficiency in the industrial sector still dissatisfies local government officials.

The gross national product (GNP) in Shanghai rose 14 percent during the first half over the same period last year to 48.1 billion yuan (\$8.7 billion). The increase was 7 percent faster than in the first half of last year, said Li Maohuan, director of the Municipal Statistical Bureau.

"It is the first time in many years that the city's GNP increased at a two-digit rate," Li said.

Total sales by the industrial sector reached 109.10 billion yuan (\$19.8 billion) during the first half, up 20.8 percent over the same period last year.

Large- and medium-sized State-run enterprises contributed 62.8 percent of the city's total sales by concluding purchases of 68.48 billion yuan (\$12.5 billion), up 17.5 percent over the same period last year.

According to the statistical bureau, the industrial growth in the Pudong New Area is faster than the city's total, registering a rise of 21.4 percent over the same period last year.

About 11.8 percent of the city's industrial sales are contributed by factories in Pudong.

Pushed by the country's high demand in investment and market consumption, products such as cars, digitally-controlled machine tools, steel products, non-ferrous metals and air-conditioners all enjoyed a growth of between 44.6 to 260 percent.

But poor economic efficiency in State-run enterprises within the budget is still a big headache to the local government, although enterprise reform has been widely spread.

About 15.6 percent of those enterprises within the budget were still in the red by the end of June.

Statistics from the Municipal Economic Commission, which is in charge of local industry, revealed that a total of 179 industrial enterprises were in debt by the end of June, down 4.8 percent over the same period last year, but their deficit volume soared 6.8 percent.

The high growth of the industrial sector is in stark contrast to the development of the city's tertiary industry, which has failed to meet the local government's high hopes for faster development.

Although the tertiary industry increased faster than in the first half of last year, it is far from the high expectations of the government, since the tertiary industry has been listed as the top priority sector for development in the future.

According to the statistical bureau, the city's tertiary industry rose just 9.3 percent during the first half of the year to 14.95 billion yuan (\$2.7 billion).

Breaking down the tertiary industry, the transportation and posts and telecommunications sectors contributed 3.86 billion yuan (\$702 million), up 5.1 percent over the same period last year. The retail, catering trade and material supply and purchasing sector made 3.18 billion yuan (\$578 million), up 12.3 percent, while the finance and insurance sector wrapped up with 4.46 billion yuan (\$811 million), up 12.4 percent.

The situation of the whole economy still being driven by the secondary industry has not changed and progress is not fast in giving priority to developing the tertiary industry, Li said.

The local government is also dissatisfied with the growth in fixed assets, which is faster than the first half of last year but slower compared with many other provinces.

The progress of the fixed assets investment plan is still not ideal because of insufficient preparation for projects during the early stages, Li said.

During the first half of the year, fixed assets investment in the city totalled 7.44 billion yuan (\$1.35 billion), up 15.5 percent over the same period year, but less than half of the annual budget.

According to the statistical bureau, Shanghai received 552,600 overseas visitors during the first half, up 20.4 percent over the same period last year.

Shanghai Population Experiences Negative Growth

OW2607120592 Beijing XINHUA in English
1007 GMT 26 Jul 92

[Text] Beijing, July 26 (XINHUA)—Shanghai, the largest industrial city in China, saw negative population growth in the first half of this year, according to the latest statistics from the Shanghai Family Planning Commission.

The birthrate, .8 percent, hit its lowest point since the founding of the People's Republic of China in 1949.

The twelve of its 21 districts and counties recorded decreases in their populations.

The family planning policy carried out at the beginning of the 1960s in Shanghai, nearly a decade ahead of other parts of China, has successfully reduced its population growth to some 10,000 persons a year.

Sources from the commission predict that if the policy is continued, the city's population could be kept to under 13.56 million by the year 2000.

In addition, controlling the ever-increasing floating population is another hard nut for the municipal government to crack.

Up to now, the floating population in Shanghai has amounted to about 2 million and is increasing by 100,000 to 200,000 annually.

Zhejiang Begins Large-Scale Development Project

HK2607054892 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT SHANGHAI FOCUS)
in English 26 Jul 92 p IV

[By staff reporter Li Huahong: "Zhejiang Kicks Off Big Projects"]

[Text] Zhejiang Province has embarked on its largest-ever package of urban development projects to improve local living standards and create a better environment for foreign investors.

The bulk of the projects will be undertaken in the provincial capital city, Hangzhou, the port cities of Ningbo and Wenzhou, and Shaoxing City, the most developed areas and the main focuses of foreign investment in the eastern coastal province, according to the Zhejiang Urban Development Project Office.

"It will be the largest urban construction work that Zhejiang has done since 1949," Wei Shanpei, a senior official from the office, told Shanghai Focus.

The package, with an expected total investment of 1.308 billion yuan (\$237.8 million), has been listed on the International Development Association (IDA) credit plan of the World Bank Group, according to Wei, the office's deputy chief engineer.

If the applied-for credit of \$110 million comes, "it will also be Zhejiang's second-biggest project package in which IDA credit will be used," according to another official from the office.

The package passed formal appraisal by the World Bank earlier this year and has undergone a feasibility study by the departments concerned. Four of the seven projects have passed an examination of their initial designs, according to the official.

The four projects are:

A: A water-supply project with a capacity of 300,000 tons of purified water a day for Hangzhou, which will need 1.35 million tons of water a day by the end of the century, compared with its present supply capacity of about 600,000 tons a day;

B: A water supply project to carry 250,000 tons of clean water a day to Ningbo, which will need an additional 220,000 tons of water daily by 1995 over and above its existing capacity of 380,000 tons;

C: A water diversion project and a water purification plant for Wenzhou to increase the fast-developing city's drinking water supply and improve its quality;

D: An infrastructural construction project for development of a new 2.07-square-kilometre zone in Shaoxing, a city seeking more space for its rapid economic development. The city is rich in historical and cultural relics and sites.

Another project is to widen and upgrade four roads in Ningbo, which is designated to be the key area for introduction of foreign investment in Zhejiang.

The other two are "software" projects aimed at improving urban planning and reducing environmental pollution.

The projects are scheduled to be completed in five years.

Mini Markets Open in Hangzhou for Summer

OW2507041092 Beijing XINHUA in English
0320 GMT 25 Jul 92

[Text] Hangzhou, July 25 (XINHUA)—Some 100 small markets, each of which has 20-50 stalls, have opened this summer in the streets of Hangzhou, capital of East China's Zhejiang province.

Local residents say the markets add something new to this scenic city, which is known for its beautiful West Lake and stylish buildings surrounding the lake.

The shops in the markets, which normally open for business in the early evening and close at mid-night, offer a variety of goods ranging from cooking utensils to plastic toys and garments. The large variety of goods available have attracted large crowds of local residents.

Only a few days ago, a color-prints market opened in one of the city's small lanes, which was already home to 10 stalls selling over 100 kinds of colorful textiles.

Most nights, young women from the neighborhood visit the stands in small groups.

Li Li, the mother of a five-year-old child, recently purchased a piece of cloth at the market. She noted that she had spent quite a long time searching for the cloth which was just the color she wanted.

An official from the local administration of commerce and industry administration said although the mini-markets have emerged without official permission, the administration will not force them to close unless they create traffic or environmental problems.

Well-informed sources in the city say the majority of stall operators are retired workers.

An elderly lady said the amount of money earned from sales is unimportant, because she simply wants to sit by the stall and chat with family-members while doing business.

At present, according to one local resident, shopping in the markets seems to be the fashionable way to spend a warm summer night.

Hangzhou Farmers Running Tourism Industry

OW2507040892 Beijing XINHUA in English
0233 GMT 25 Jul 92

[Text] Hangzhou, July 25 (XINHUA)—Farmers in Hangzhou, a most attractive tourist resort city in East China's Zhejiang Province have developed tourism to the point that it has become an important part of the local economy.

The local government's policy has encouraged people in the rural areas to tap cultural and tourist resources. With over 30,000 farmers involved, township sponsored tourist projects have been regarded as a "treasure pot" for most of rural households.

Apart from the city's widely appreciated West Lake, local farmers have invested 25 million yuan to build the Jinshagang Tourist Village which combines modern facilities with local customs.

The tourist village has become the locality's top draw-card. Farmers are planning to pool 100 million yuan to expand the attraction.

Tea production has long been the city's principle source of income and sightseeing tours of the tea plantations are a major interest for Chinese and foreign visitors.

A state-built working exhibition in Shuangfeng township allows tourist groups to see each step in the production of tea. Last year more than 150,000 tourists visited the plant and bought tea products. Their spending helped lift the average income of each farmer to 2,236 yuan.

Farmers have set up travel agencies. They organize and receive tourist groups with special interests and needs including the handicapped who are ignored by the state-run travel agencies. The Huadong Travel Service has also started to organize tour groups to other flourishing township enterprises in south China.

The boom in tourism has given an added impetus to local enterprises. Tourist spending has lifted the profitability of department stores, hotels and restaurants and the market for garments, ceramics and agricultural products.

All these activities have produced record revenue for the city in the first five months of this year. Tourism returns are up 21.9 percent on the figure for the same period of last year.

Central-South Region

Guangdong's Xie Fei Inspects Poor Mountain Areas

HK2707043792 Guangzhou Guangdong People's Radio
Network in Mandarin 0400 GMT 15 Jul 92

[Text] While inspecting mountain areas in north Guangdong, provincial party committee Secretary Xie Fei said: Cadres and people in mountain areas must further free themselves from old ideas, seize the opportune moment, exploit their advantages, open their areas to the outside world, and promote development through opening so as to elevate their economies to a new level along with other parts of the province.

While in Shaoguan, Xie Fei inspected industrial development areas and three state enterprises there. He also went to Yangshan in Ruyuan County and Liannan in Qingyuan City to conduct investigations.

While carrying on a conversation with local cadres, Xie Fei repeatedly pointed out that continued emancipation of the mind is the prerequisite for accelerated economic development. He emphasized: Cadres and people in mountain areas must strengthen their awareness of the need to open to the outside world and strive to make a big breakthrough in introducing investment from abroad and establishing lateral ties at home.

After making an on-site inspection of some development areas, Xie Fei called on cadres of the development areas to attract investment, engage in production, and try to reap profits simultaneously while continuing to carry out construction projects, utilizing any project as soon as it is accomplished. They must not engage in large and all inclusive projects and overly extend the scale of construction, resulting in missing a favorable opportunity and failing to raise economic efficiency.

Together with persons in charge of some loss-making enterprises, Xie Fei analyzed the causes of losses and discussed ways to turn deficits into surpluses. Xie Fei said: Since state industrial enterprises account for a large proportion of the national economy in mountain areas in

north Guangdong, we must make great efforts to tap the potential of existing enterprises and carry out the policy of combining reform, transformation, and readjustment. State enterprises must reform their internal mechanism, increase their competitiveness in the market, transform their existing equipment, raise their technical level, readjust product mix, and produce popular items. For those enterprises which cannot survive, we must resolutely close them down, suspend their production, amalgamate them with other enterprises, or switch them to the manufacture of other products.

The areas which abound with limestone are the poorest areas in this province. Xie Fei made a special trip to Dongshan township in Yangshan County, Nenggang in Liannan County, where the Yao nationality lives, and Santai township to make inspections. He said: The people in areas where limestone abound must find a way consistent with their actual conditions to shake off poverty. The people in these areas who are likely to shake off poverty must draw up a sound plan and take effective measures to carry through the plan as scheduled. The people who will not be able to survive in these areas despite hard work must be mobilized to move elsewhere so that they will be provided with conditions for eliminating poverty. When learning that 2,000 households in the limestone areas in Liannan County had removed to another place within the province and succeeded in developing production, Xie Fei gave a high appraisal of their successful experience.

Deng Hongxun Addresses Hainan Work Forum

*HK2507024692 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 18 Jul 92*

[Excerpts] The provincial party committee held a forum which was attended by all city and county party committee secretaries across the province on 16-18 July.

The forum summed up and exchanged work situations across the province in the first half of this year, discussed ways and means of tackling new problems that have cropped up in the provincial work, and called for greeting the arrival of a big tide of reform, opening up, and construction in Hainan.

The forum was presided over by provincial party committee Secretary Deng Hongxun.

[Provincial Governor] Liu Jianfeng, Gu Qinglin, Wang Houhong, Chen Suhou, Wang Xueping, and Wang Yuefeng, as well as some other provincial party and government leaders, attended the forum.

This year, all cities and counties across the province have conscientiously studied and implemented the spirit of a series of important speeches made by Comrade Deng Xiaoping during his south China tour, further emancipated minds, seized each and every excellent opportunity, adopted forceful measures to expand opening up, and accelerated the province-wide economic construction pace. Nonetheless, some new situations and new

problems have cropped up in the course of the provincial work. In view of this situation, the provincial party committee particularly called this forum to listen to work reports given by various cities and counties and to sort out, categorize, and sum up problems laid bare by various cities and counties. [passage omitted]

Deng Hongxun delivered a speech at the forum in which he emphatically stated: Under a new situation of reform and opening up at the moment, organs at all levels across the province must streamline administration, delegate more powers to lower levels, improve work style, increase work efficiency, cultivate a mentality of serving grass-roots level, work in real earnest and in a down-to-earth manner, and help the grass-roots level tackle problems and overcome difficulties in a practical and realistic fashion. On the other hand, cadres working at the grass-roots level in various cities and counties across the province must ideologically stop depending on external assistance and must not only report new problems to the higher levels but also take practical steps to resolve them.

Hainan's Liu Jianfeng Discusses Reform, Opening

*HK2507024492 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 19 Jul 92*

[Text] Provincial Governor Liu Jianfeng met with and granted an interview yesterday afternoon to a 30-member delegation of Beijing-based foreign correspondents in Haikou's International Finance Building. The delegation was formed by information officials of some 18 foreign embassies in Beijing, including embassies of the Ivory Coast, Thailand, Malaysia, Japan, France, Australia, and other foreign countries.

In the hour-long interview, provincial Governor Liu Jianfeng gave foreign correspondents a comprehensive account of Hainan's reform, opening up, exploitation, and construction over the past few years since Hainan was turned into a province and a special economic region as well. Provincial Governor Liu Jianfeng also answered questions raised by more than 10 foreign information officials and foreign correspondents with regard to stock exchange, Nansha Archipelago, social security, investment, exploitation, and other issues.

Liu Xuebin, of the provincial association for cultural exchanges with foreign countries; Haikou City Mayor Zeng Haorong; persons in charge of various provincial departments concerned; Deng Huijuan, Chinese Foreign Affairs Ministry Information Department deputy director, and others were also present during the interview.

After the interview, provincial Governor Liu Jianfeng hosted a banquet in honor of the visiting delegation of foreign correspondents.

Southwest Region

Guizhou Secretary, Governor View Development Zone

HK2507024892 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 18 Jul 92

[Text] Accompanied by both Li Wanlu, Guiyang City CPC Committee secretary, and Guiyang City Mayor Liu Yuqiang, [provincial party committee Secretary] Liu Zhengwei, [provincial Governor] Wang Chaowen, Zhang Shukui, He Renzhong, Gong Xianrong, and some other provincial leading comrades and persons in charge of various provincial departments concerned went to the Guiyang High-grade and New Technological and Industrial Development Zone yesterday where they conducted on-site work and called for the quickening of the development zone's development pace.

Since the provincial party committee and government decided to build the Guiyang High-Grade and New Technological and Industrial Development Zone in the Jintianzai area of Wudang District of Guiyang City, the construction of development zone has proceeded smoothly and yielded initial results. So far, a total of 35 new technological and industrial enterprises that intend to enter the development zone have been examined and approved by the provincial science and technology commission; seven high-grade and new technological enterprises have already been set up in the development zone after receiving a blessing from the provincial science and technology commission. Moreover, five Sino-foreign joint ventures will soon be set up in the development zone, while two Beijing-based enterprises are also planning to move to the development zone.

After listening to work reports given by the comrades concerned, the provincial leaders fully affirmed both the work accomplished and the achievements scored by the development zone, conducted on-site inspection of some 330 mu of land recently appropriated for the development zone, and urged comrades working in the development zone to step up and improve their work and strive for more successes in the foreseeable future.

At an on-site work meeting convoked in the development zone, Liu Zhengwei, Wang Chaowen, Zhang Shukui, He Renzhong, and Gong Xianrong each delivered speeches.

Liu Zhengwei said: Now that a clear-cut guiding ideology, a series of preferential policies, as well as specific plans have been formulated for the development zone, we must carry out work in a more expeditious manner and become bolder in our work. The relevant provincial and Guiyang City departments must actively provide services to the development zone, go all out to support the building of the development zone, and help the development zone tackle problems and overcome difficulties in a swift manner.

Wang Chaowen noted: The development zone must speed up the pace of development. Here the key lies in

carrying out work in real earnest and in a down-to-earth manner. It is imperative to step up infrastructural building of the development zone. The planned 10,000 square meters of factory buildings must be built without delay. The departments concerned must simply initiate examination and approval procedures for projects to be built in the development zone. We simply cannot see a project being delayed for several months because it has to obtain official approval from dozens of departments. The development zone must strictly implement and make flexible use of all the policies formulated by the provincial authorities and handle special cases in a special way with an eye to saving time. On the other hand, all provincial departments concerned, including post and telecommunications departments, banks, and various other departments, must guarantee provision of preferential services to the development zone.

Number of Returning Overseas Tibetans Increasing

HK2707050892 Beijing XINHUA Domestic Service
in Chinese 2243 GMT 22 Jul 92

[By reporter Duo Qiong (1122 4522): "Number of Overseas Tibetans Returning to Tibet To Visit Relatives, To Settle Increases with Each Passing Day"]

[Text] Lhasa, 23 Jul (XINHUA SHE)—Over the past 10 years and more after the Tibet Autonomous Region specially established a Returned Overseas Tibetan Compatriots Reception Committee, some 11,600 Tibetan compatriots residing abroad have returned to their motherland to visit their relatives and to go sightseeing; over 1,800 of them have settled within the territory of the Tibetan Autonomous Region. The local government has warmly welcomed and made proper arrangements for the settlement of these returning Tibetan compatriots.

In 1959, a small number of upper-level reactionaries in Tibet ran counter to the will of the people and launched an armed rebellion, hindering the advancement of Tibetan history. After their failure in the rebellion, they incited and forced several thousands of lamas, who were unaware of the facts, to flee abroad. In 1979, as the Tibet Autonomous Region set up a Returned Overseas Tibetan Compatriots Reception Committee and implemented policies, including the policies of "all patriots belong to one big family—whether they rally to the common cause early or late—come and go freely, and let bygones be bygones," more and more overseas Tibetan compatriots returned home to visit their relatives and to settle.

To enable overseas Tibetan compatriots to smoothly return home to reunite with their family members, the autonomous region has set up returned overseas Tibetan compatriots reception offices in all places and built overseas Tibetan compatriots reception centers in the major cities and towns, including Zhangmu Port, Xigaze, Shannan, Nagqu, Qamdo, and Lhasa, to specially receive and make arrangements for the settlement

of the returned overseas Tibetan compatriots. The reception departments in all places send special motor vehicles to welcome and transport the returned overseas Tibetan compatriots and try in every possible way to find overseas Tibetan compatriots' family members from whom they have been separated for several decades.

At present, of the overseas Tibetan compatriots who return home to settle, some have been elected autonomous regional, prefectural (city), and county people's congress deputies and Chinese People's Political Consultative Conference [CPPCC] committee members and have discussed the great plan for building new Tibet together with the other people's congress deputies and CPPCC committee members; many who have special skills or knowledge have been placed in the units of all trades and professions, enterprises, and institutions. Some of them are engaged in research in social sciences, some take up teaching, tourism, and other work. The governments of all places have made proper arrangements for them to engage in agricultural and livestock production, nationality and handicraft industry, and commerce and to become lamas and nuns in the lama-series of all places, if they so wish and according to their own choices. Some disabled and sick people without labor capacity and some old widows and widowers without support enjoy the treatment of the "five guarantees" [food, clothing, medical care, housing, and burial expenses]. All their living expenses are borne by the state. On festive occasions, such as the New Year of the Tibetan calendar, the departments concerned give them New Year goods like butter and dried fruits.

Tibet Social Security System Develops Rapidly

HK2707034792 Beijing XINHUA Domestic Service in Chinese 2250 GMT 22 Jul 92

[By reporter Yang Zhen (1135 3791)]

[Text] Lhasa, 23 Jul (XINHUA)—Tibet Autonomous Region has gradually set up a social security system in the course of reform.

Since 1987 Tibet has set up social security institutions at the regional, autonomous prefectural, and city levels. It has also set up an old-age pension fund commission to make overall arrangements for the pensions of state-owned enterprise workers and staff members. Up to the end of last year, 42 state-owned enterprises, with a total of 44,000 people, had joined the scheme, accounting for 83 percent of the total number of enterprises. Over the past five years, a total of 96.16 million yuan in old-age pension funds have been collected, and over 150 million yuan has been paid as pensions, thus effectively guaranteeing the basic life of workers and staff members after retirement.

Over the past few years, social security departments at all levels in Tibet have made proper arrangements for the placement of large numbers of retired (resigned) workers and staff members. They have stepped up management

and offer better services. The Social Security Bureau of Tibet Autonomous Region has uniformly paid annual pensions to over 4,000 retired workers who settled in other provinces. By directly paying pensions to retired workers and staff members, the social security bureaus in Nyingchi and Nagqu Prefectures have reduced the burdens of enterprises and made life easier for retirees.

With regard to a handful of enterprises which are unable to pay overall arrangement funds because they have converted to the manufacture of other products, amalgamated with other enterprises, suspended production, or shut down, the social security department of the Tibet Autonomous Region, while taking measures to allow delayed or reduced payment, has promptly allocated pension funds to these enterprises. The former chemical plant under the regional department of industry and electric power, which faced bankruptcy a few years ago, has been unable to pay its overall arrangement fund. Aside from allowing it to delay payment, the regional social security bureau has also paid an average of 86,000 yuan in adjustment funds annually. After placing pensions under overall society-wide arrangements, the retired workers of all participating units, whether they perform well or not and whether they suspend production or not, may receive pension from social security institutions in good time.

The institution of overall arrangements in the society as a whole has increased the vitality of enterprises. According to statistics, of the enterprises directly under the regional government, 69 units have benefited from this scheme, accounting for 50 percent of the total and involving an amount of 12.65 million yuan. The Lhasa 1 August Farm has a very heavy burden and suffers losses every year because it has an in-service staff of 240 people and as many as 210 retirees. After joining the overall arrangements, the farm received nearly 700,000 yuan in 1988 alone, which helped the enterprise move forward.

Northeast Region

Heilongjiang Reviews Foreign Economic Relations

SK2407140192 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 22 Jul 92

[Text] The first half of this year was marked by vigorous growth in the province's foreign trade and economic relations. Foreign economic relations and trade developed simultaneously, export and import increased gradually, and the construction of development zones proceeded rapidly.

From January to June, the total import and export volume of the province was \$1.2 billion, an increase of 45 percent over the same period of last year. Of this figure, the export volume was \$860 million, an increase of 39 percent; the import volume increased by 64 percent. Of the total import and export volume which increased by a large margin, border and local trade has

[words indistinct]. The CIS has already become the largest partner for the province's foreign trade.

In the first half of this year, the total import and export volume of border and local trade reached \$630 million. The total export volume accounted for 39 percent of the total trade volume of the province.

In the first half of this year, development of the province's economic and technological cooperation with foreign countries was balanced. From January to June, the province approved 438 new cooperative projects, showing a marked increase in the quantity and amount of investment by foreign traders.

The various foreign trade companies directly under the domain of the provincial authorities have further improved their economic efficiency while expanding exports to earn more foreign exchange. Despite the accumulation of relatively high deficits over the years and the slump in some of the large and medium-sized product markets, the 16 provincial foreign trade enterprises exceeded the annual target by netting some 10 million yuan in profits in the first six months. Dongning, Xunke, and other border economic areas are being constructed one after another following the construction of the Heihe and Suifenhe development zones. Construction of the development zones geared to South Korean investment, the Hailin and Tieli zones, has also begun.

Heilongjiang Gets More Three-Capital Enterprises

SK2507013992 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 23 Jul 92

[Text] In the first half of this year, our province clearly accelerated its pace in developing the three types of foreign-funded enterprises and continued to increase its scale of investments. The number of enterprises operated exclusively with foreign investments is increasing. The three types of foreign-funded productive enterprises accounted for [words indistinct] of all enterprises. Since the beginning of reform and opening up, our province has always lagged behind inland provinces in utilizing foreign funds because it is located in the border and remote areas of the country. After the provincial party committee and the provincial people's government announced the 14 demands for reform and opening up at the beginning of this year, the province has clearly accelerated its pace and clearly improved its investment environment. Foreign businessmen or firms have become enthusiastic about investing money in the province, cooperating with the province, and operating enterprises with their own funds. From January to June, the province approved the establishment of 275 enterprises which will be operated with foreign capital, which involve more than \$160 million, and whose production projects and capital showed a threefold increase over the same period of 1991 thereby greatly surpassing the number and volume achieved in 1991.

Vice Governor on Change of Government Functions

SK2407141992 Harbin HEILONGJIANG RIBAO in Chinese 15 Jul 92 p 1

[By Wang Xiaogui (3769 2556 6311) and reporter Zhang Lin (1728 7792): "Governments Should Change Functions as Soon as Possible"]

[Excerpts] When conducting investigations and study on how to further invigorate enterprises and holding on-the-spot work meetings recently in Mudanjiang city, Provincial Vice Governor Cong Fukui repeatedly emphasized: The organizational reform of governments should be promoted simultaneously if we are to achieve substantial progress in economic structural reform.

He said: To improve enterprises, governments at all levels did conduct reform in the past few years, such as transferring power to lower levels and allowing lower levels to share more profits. However, they focused merely on establishing or disbanding departments. At present, governments should change their functions as soon as possible if we are to truly push enterprises onto the market and promote the transformation of their operating mechanisms.

Vice Governor Cong Fukui called together the leading people of 16 departments, bureaus, and units—such as the provincial planning commission, economic commission, finance department, banks, tax bureau, machine-building department, chemical industry department, textile department, metallurgical industry department, light industry department, and pharmaceutical department as well as the Harbin Railway Bureau—to conduct investigations and study on current industrial production and to hold on-the-spot work meetings in Mudanjiang City from 7 to 9 July. [passage omitted]

During the on-the-spot meetings, Vice Governor Cong Fukui particularly emphasized: Governments should change their functions as soon as possible and strive to provide relaxed external conditions and environments to help invigorate enterprises. Making government organizations meet the needs of and serve the economic foundation and effectively liberate and develop productive forces is the starting point of the organizational reform of governments.

In the past few years, governments at all levels did conduct reform, such as transferring power to enterprises and allowing them to share more profits, to improve enterprises. However, the number of government departments increased instead of declined, and governments still focused their efforts on the direct administration of enterprises and the division of money and materials. This not only weakened governments' macro regulation and control of the entire economy but also made enterprises even more inflexible. Such a phenomenon must be stopped.

Vice Governor Cong Fukui pointed out that governments should achieve success in the following three

aspects, if they want to change their functions as soon as possible. First, they should further delegate power to lower levels. All the power that should be given to enterprises should be delegated to them in line with the relevant regulations of the central and provincial authorities. In addition, enterprises should be given power in two areas. One is the power to borrow money. Enterprises' issuing bonds to their staff and workers is a measure to borrow money. However, they still do not have such power. The other is the power to handle their assets. If enterprises do not have some power to handle their assets, the problem of being responsible for profits but not deficits will never be solved. Cong Fukui said that to develop the commodity economy, both enterprises and governments should gear their work to the needs of the market and focus their work on the market. Second, governments should learn to apply policies to exercise indirect regulation and control. They should use policies to guide and encourage enterprises to develop production, increase financial resources, and invigorate themselves. Third, governments should strengthen their function of service. Service means to help enterprises solve problems in a down-to-earth manner. It is the responsibility not only of governments but also of all departments. Without enterprises, governments and departments have no need to exist. At present, the most important task of government departments is still to change work styles and perform work in a down-to-earth manner. Governments at all levels and all relevant departments should carry out realistic work when providing service to enterprises. We should not expect to cure all diseases with only one dose of good medicine, so it is also impossible to save more than 100 plants with only one policy. Therefore, we should suit our measures to the conditions of the enterprises.

Yue Qifeng at Conference on Reversing Deficits

SK2507113492 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 21 Jul 92

[Text] The provincial office work conference on helping enterprises halt deficits and increase profits ended on 21 July. It was pointed out that we should clearly understand the situation, clearly define tasks, do solid work, and continue to create a new situation where industrial enterprises turn deficits into profits.

Wen Shizhen, vice governor of the provincial government, chaired the conference. Yue Qifeng, governor of the provincial government, and Guo Tingbiao, vice governor of the provincial government, made reports at the conference. More than 120 people, including vice mayors in charge of the economic work and responsible persons of the relevant provincial departments and bureaus attended the conference.

As for the industrial enterprises' economic situation in the first half of 1992, Vice Governor Guo Tingbiao said: As of the end of June, the province put an end to the situation in which the amount of deficits exceeds that of profits. In the first half of 1992, the province realized

more than 160 million yuan of profits, showing an increase of 2.9 times over the figure for the corresponding period of 1991. Industrial production and the marketing volume of industrial enterprises increased basically at the same pace. The province further developed the export-oriented economy. The value of goods delivered for export increased by 18.3 percent over the corresponding period of 1991. In the first half of 1992, 595 of three types of foreign-funded enterprises, with a total investment of \$100 million, were established, at an average rate of three enterprises of these kinds being established every day.

As for the progress in turning deficits into profits, Guo Tingbiao said: This year, the province has made noticeable achievements in turning deficits into profits. The number of money-losing local budgetary industrial enterprises and the proportion of money-losing local budgetary industrial enterprises were reduced by 19.2 percent and 11 percentage points, respectively, from the corresponding period of 1991. The amount of deficits was reduced by 28.2 percent from the corresponding period of 1991.

Governor Yue Qifeng presented three issues in his summation report. First, we should accurately understand the enterprises' tasks for turning deficits into profits across the province. Second, we should emancipate the mind, deepen reform, strengthen management, readjust the structure, and make achievements in helping enterprises turn deficits into profits. Third, we should realistically strengthen the leadership over the work of helping enterprises turn deficits into profits.

Yue Qifeng said: We should emancipate the mind in line with the reality of the departments, units, and enterprises; and we should attend to solving ideological problems. To help enterprises turn deficits into profits, we should accurately change mechanisms. We should promote the transformation of managerial mechanisms by expanding the degree of reform so as to revitalize enterprises. Money-losing enterprises should first make a breakthrough in moving cadres' iron armchairs and should be sure to promote those who are able to help turn deficits into profits and to demote those incompetent in their jobs.

Yue Qifeng also pointed out: We should give priority to supporting the enterprises which have the prospect of turning deficits into profits and should carry out tax reduction and an exemption system among the heavily burdened enterprises which have difficulties in halting deficits in a short timeframe. Simultaneously, methods of giving assistance, conducting consolidating, conducting cooperation, and amalgamating can be done among these enterprises. The enterprises that have suffered losses for several years, [words indistinct], have production difficulties, and have no prospects to halt deficits should resolutely be closed, suspended, or allowed to go bankrupt.

Liaoning Law Enforcement Statistics Given

SK2507144592 *Shenyang Liaoning People's Radio Network in Mandarin 1030 GMT 24 Jul 92*

[Text] Obvious results have been achieved in the three-month province-wide campaign of dealing severe blows to serious criminal offenses. According to statistics, over the past three months, the province as a whole has cracked approximately 46,000 criminal cases of various categories, seized 46,000 lawbreakers and criminal offenders, smashed 3,300 criminal gangs, and regained 62 million yuan worth of illicitly-gained money and property. During this period, approximately 2,000 lawbreakers and criminal offenders voluntarily surrendered themselves to public security organs.

Liaoning Sentences Communications Line Thieves

SK2507144792 *Shenyang Liaoning People's Radio Network in Mandarin 1030 GMT 24 Jul 92*

[Text] Recently, the Dandong City Intermediate People's Court held an open trial to impose the death sentence according to the law on principal culprit Jiang Baocheng and principal criminals Xiao Hekui, Jiang Lianghe, and Jiang Lianghan, who stole communications lines used for military and civilian purposes. The four other members of the criminal gang were also sentenced to set terms of imprisonment.

Jiang Baocheng, a peasant in Dongge County, and his two sons, Jiang Lianghe and Jiang Lianghan, and a villager, Xiao Hekui, stole and cut communications lines on 48 occasions in defiance of the state laws, and stole a total of 462,000 meters of military- and civilian-use communications lines, which were worth 78,000 yuan in renminbi and causing 155,000 yuan in indirect losses.

Northwest Region

Ningxia's Huang Huang Speaks on Opening Up

HK2207085492 *Yinchuan NINGXIA RIBAO in Chinese 13 Jun 92 p i*

[Report: "Huang Huang Speaks at Regional Work Meeting on Greater Opening Up to Outside World"]

[Text] A five-day enlarged regional work meeting on opening up to the outside world, which was convened by the autonomous regional party committee and people's government, concluded in Yinchuan 12 June. The meeting underlined the need to begin with the transformation of concepts in seeking to comprehensively promote reforms and broaden opening up to the outside world in all directions.

Bai Lichen, chairman of the people's government of the autonomous region, presided over the meeting, while Huang Huang, secretary of the autonomous regional party committee, delivered a speech.

This was the first time that such a fairly large-scale meeting dealing exclusively with the work related to opening up to the outside world was held in our region. For days, the comrades attending the meeting intensively studied Comrade Deng Xiaoping's important talks as well as the spirit of the Central Committee Political Bureau meeting. They also discussed and drew up the general strategy for and related policies and measures on expanding our region's opening up to the outside world. The comrades maintained that while our region had a late start in opening up to the outside world, it will nonetheless experience a faster and greater development, thanks to the impetus provided by the great wave of reform and opening up. On this, everyone was full of confidence. The meeting discussed the "decision on further expanding opening up to the outside world" as formulated by the autonomous regional party committee and people's government as well as the coordinated policies and measures presented by the various departments. It was widely held by everyone that the ideas presented and the policies drawn up by our region on speeding up reform, opening up, and development were very good and that the important thing now was to firmly grasp their implementation.

In his speech, Huang Huang focused on the relationships between opening up to the outside world on one hand; and the five aspects related to the changing of concepts, deepening reform, improving the environment, spiritual civilization, and strengthening leadership, on the other. He said: We should ensure that the emancipation of the mind and the transformation of concepts run throughout the entire process of reform and opening up, and not just highlight them for a while. Instead, it is necessary to continuously grasp at them so that the subject remains fresh and practical results are obtained. He pointed out: One should not just sit around and talk about changing concepts, but one should insist on the viewpoint of practice being the primary object and grasp at it intensively and realistically to promote change. He went on: Mistakes will occur in reform and opening up, hence it is necessary to take heed to evaluate experiences and correct mistakes at all times. Huang Huang also reminded everyone to pay special attention to two points: (1) Do not engage in excessive nagging so as to protect the initiatives of the localities and departments as well as those of the cadres and people; and, (2) causes should be sought out from the leadership and the same should apply at all levels. Huang Huang said: We should give equal importance to both opening up and reform so that the two will develop at the same pace, will complement one another, and will provide a drive for the overall situation. In carrying out the "three points, one line" strategy in opening up to the outside world, it is necessary to judge the hour, size up the situation, and act as the occasion demands. It is necessary to go east and west and move into the world from Ningxia, this great land of hope and possibilities. In broadening the opening up to the outside world, it is also necessary to further strengthen economic and technological cooperation and exchanges with fraternal provinces and regions, and to

continue to consolidate and expand domestic market shares. Huang Huang said: To expand opening up to the outside world and effectively attract capital, technology, and manpower, it is necessary to have a corresponding environment and conditions. This point has already been proven by the experiences of the coastal regions in opening up to the outside world. To fundamentally reverse our region's backwardness in terms of infrastructure will require a process. I hope that everyone will "sail with borrowed boats," "move out of the territory via other's borders," and "prosper with borrowed land." It is necessary to step up market research and forecasting, lift policy controls, bolster our appeal, and work on upgrading the quality of services. Huang Huang went on: Opening up to the outside world is not only consistent with the needs of building socialist material civilization but also with the needs of building socialist spiritual civilization. It is necessary to bolster the efforts to build socialist spiritual civilization and to further shape up public opinion, value concepts, cultural conditions, and a social climate beneficial to the socialist modernization endeavor and to the acceleration of reform and opening up in order to guarantee that reform and opening up will develop soundly in the right direction. Huang Huang said: Opening up to the outside world is an entirely new and pioneering endeavor. The degree of ideological openness of the leading organs at all levels—particularly the different departments directly under the autonomous region—their mental state, work efficiency, and work style will all directly affect the work at the grass roots as well as the overall situation in the reform, opening up, and development of the entire region. Fostering an innovative spirit and being adept in working creatively constitutes an important aspect in efforts to raise the leadership level. It is necessary to open up more room for new ideas; break the stalemate in ideas; overcome the narrow, biased, and ossified ways of thinking; and foster a correct work standard which is subservient neither to books nor to superiors. As long as an undertaking is consistent with the general spirit of the central authorities and superiors, with the law on self-rule in ethnic regions, with the realities in our region, and with the interests of the people, as long as it contributes to economic and social development, then we should boldly proceed with it, experiment with it, and implement it.

Ningxia Opens Wider to Investors To Speed Growth

OW2707103592 Beijing XINHUA in English
1002 GMT 27 Jul 92

[Text] Yinchuan, July 27 (XINHUA)—The Ningxia Hui Autonomous Region in northwestern China will open wider to domestic and foreign investors to accelerate its economic development.

At present, the government of the inland region with more than 4.6 million Hui and Han people recently decided that domestic and foreign businessmen can purchase or lease some state-owned enterprises.

Domestic and foreign businessmen are encouraged to come to the region to engage in real estate business. The scope for foreign investment in the region will extend to commerce and trade, banking services, communications, tourism and tertiary businesses.

A government official said that the foreign-funded enterprises will enjoy preferential policies in the region, some of them even more favorable than those in coastal regions.

He said that the supplies of water, power, oil, coal, raw materials, heat, telecommunication facilities and laborers to the foreign-funded enterprises will enjoy the same treatment as the state-owned enterprises.

The government will adopt compensation policies for the transportation costs for the foreign-funded enterprises.

The Yinchuan High-Tech Development District recently issued a 12 item policy to reduce or exempt taxes for foreign-funded enterprises.

The policies are concerning local income taxes, individual income taxes on overseas employees in foreign-funded enterprises and unified industrial and commercial taxes.

Ningxia has used more than 370 million yuan in foreign loans to develop its agriculture.

This year the World Bank will aid the region to carry out a water conservancy project in the Xihaigu area and the investment will be about 90 million yuan.

Xinjiang Opens 11 Outlets With Foreign Countries

OW2707094392 Beijing XINHUA in English
0832 GMT 27 Jul 92

[Text] Urumqi, July 27 (XINHUA)—The Xinjiang Uygur Autonomous Region in northwestern China has opened 11 outlets, including nine highway border crossings, one railway crossing and one airport, to Pakistan, Kyrgyzstan, Kazakhstan and Mongolia.

The region has also opened an Urumqi-Alma Ata international passenger train service.

The opening of these outlets has greatly promoted trade between northwestern China and the surrounding countries. In the first four months of this year the trade volume between Xinjiang and the surrounding countries reached nearly 1 million tons, doubling that in the same period last year.

The region also attracted over 50,000 tourists in the first quarter this year.

Xinjiang Tourism Industry Posts Increases

OW2707094492 Beijing XINHUA in English
0843 GMT 27 Jul 92

[Text] Urumqi, July 27 (XINHUA)—The Xinjiang Uygur Autonomous Region in northwestern China played host to 85,000 foreign tourists and earned 12 million U.S. dollars in the first half this year, representing 236 percent and 98 percent increases, respectively.

Local officials said that the busy tourism season in this region is usually July through September. However, visitors from the Commonwealth of Independent [States] have flocked to the region since the very beginning of this year.

To handle the new situation, local tourism departments have organized a traditional Mongolian Nadam fair at Sarim Lake; a Muslim Corban festival in Kashi city; a grape festival in Turpan Prefecture and the Yaochi Flat Peach Festival at Tianchi Lake near Urumqi, capital of the region.

The region has also set up two luxury hotels; the Xinjiang Holiday Inn has gone into operation and the Global

Hotel will open in the near future. The two hotels will increase 1,500 accommodations in the regional capital.

The regional tourism administration plans to receive 150,000 overseas visitors this year, compared to 134,000 last year.

Xinjiang Promotes Use of Ethnic Languages

OW2707103692 Beijing XINHUA in English
0945 GMT 27 Jul 92

[Text] Urumqi, July 27 (XINHUA)—All prefectures, cities, counties and government departments in northwestern China's Xinjiang Uygur Autonomous Region have set up translation institutions, with 5,000 employees, to promote the use of ethnic languages.

Xinjiang has 13 ethnic nationalities, including Uygur, Kazak, Kyrgyz, Uzbek, Russian and Mongolian people.

Schools use seven local languages for teaching while local publishing houses publish textbooks in six of these languages.

The 37 local radio stations also broadcast programs in six ethnic languages, and the regional tv station and 23 local TV stations broadcast programs in four ethnic languages.

ARATS Adviser Comments on Taiwan Regulations

*OW2407064392 Beijing Central People's Radio
in Mandarin to Taiwan 2200 GMT 22 Jul 92*

[Interview with Zhang Kehui, PRC adviser on cross-strait affairs, on Taiwan's newly adopted regulations governing relations between people on both sides of the strait; from the "News and Current Events" program; recorded]

[Text] About the regulations governing relations between people on Taiwan and the mainland adopted by the Taiwan authorities, Zhang Kehui, adviser to the Association for Relations Across the Taiwan Strait [ARATS] and president of the All-China Federation of Taiwan Compatriots, told a station reporter: Compelled by the developing situation on both sides of the strait, the Taiwan authorities have adopted some measures in these regulations to relax the restrictions on exchanges and contacts between people on both sides of the strait, which are welcome. However, these regulations have more restrictions than relaxations, and this fails to keep abreast of the reality of actual exchanges and contacts between the two sides of the strait. The following is Mr. Zhang Kehui's remarks:

These regulations have both relaxations and restrictions, and they have more restrictions than relaxations. Compelled by the developing situation, especially by people's demands, the Taiwan authorities have had to lay down these regulations. In my opinion, these regulations are more flexible and realistic than those implemented in the past. In these regulations, restrictions are relaxed on categories of exchange such as money and property. [words indistinct] In addition, students who were sent to study on the mainland before 1949 may return to Taiwan, and communists [originally from Taiwan] may also go back. Mass organizations on the mainland may set up chapters on Taiwan, and so on and so forth. So these regulations are more realistic.

However, these regulations lack [words indistinct]. They advocate one (?government) and two regions—this is unacceptable to us. [words indistinct] There is only one China, and that is the PRC. Therefore, these regulations lag far behind the actual conditions of exchanges between the two sides of the strait and also greatly restrict the scope of such exchanges. They are still hostile to the mainland.

[Words indistinct] This situation gives rise to problems, such as: In inheriting property, a person from the mainland can only inherit, at most, NT\$2 million [new Taiwan dollars] of property in Taiwan, but a person from Taiwan can inherit as much as is distributed to him or her on the mainland. This is very unfair.

Besides, take labor for example, mainland people employed in Taiwan cannot work longer than one year. There are many other restrictions. This shows that the Taiwan authorities regard mainland compatriots as foreign workers. This contradicts the fact that we are

compatriots and people of the same country. It is not right for them to forget the mainland and [words indistinct]. This is why I have said that these regulations have more restrictions than relaxations. Now we should strive for relaxing more restrictions, and the All-China Federation of Taiwan Compatriots should do more in this regard in order to bring about ever closer contacts between the two sides of the strait. We should, through the demands of the people, make the Taiwan authorities revise or reduce these restrictions systematically.

Beijing Radio Decries Taiwan Move To Cool Ties

*OW2207133092 Beijing Central People's Radio
in Mandarin to Taiwan 2200 GMT 19 Jul 92*

[Commentary by station editor Huang Keren: "Improper Cooling Off"; from the "News and Current Events" program]

[Text] Over the past few years, the Taiwan authorities invariably put a damper on cross-strait relations just as new progress was being made in those relations. The action was intended as a cooling-off measure. Speeches made early this year by Deng Xiaoping during his tour of southern China have greatly enhanced the confidence of Taiwan businessmen in Mainland China's policy of reform and openness. They have encouraged Taiwan businessmen to make fact-finding and investment trips to Mainland China. A new mainland investment craze has gripped the Taiwan compatriots. Taiwan businessmen have signed \$10 million worth of investment agreements, and they are actively conducting negotiations on \$100 million worth of investment projects.

According to statistics, Mainland China approved 528 Taiwan investment projects during the first quarter of this year. This is several times the number from the corresponding period of last year. Indirect trade volume across the Taiwan Strait totaled \$1.5 billion. It is expected to reach \$8 billion by the end of this year.

The new burst of interest in Mainland China has prompted relevant departments in Taiwan to rework pertinent policies. Taiwan's Ministry of Transportation and Communications has worked out a bill on transportation links between the two sides of the Taiwan Strait, and the Ministry of Economic Affairs has eased restrictions on introducing high technology from Mainland China. Taiwan's Ministry of Finance has signaled its support for allowing Taiwan banks to invest and operate in Mainland China. Mr. Zhao Yaodong, who recently visited Mainland China, suggested that cross-strait economic cooperation be upgraded to a new level.

Some people among the Taiwan authorities, however, have put a damper on cross-strait relations, which they characterize as being overheated. Some, citing excessive enthusiasm, have even called for measures to cool relations. Three excuses and one purpose are the primary factors in the Taiwan authorities' actions to restrict further development of cross-strait economic relations and trade. Regarding Taiwan's dependence on Mainland

China for trade, the Taiwan authorities have said sensationally that Taiwan will find itself restrained by Mainland China and will suffer grave consequences if its trade volume with the latter surpasses 10 percent of its foreign trade. In reality, cross-strait trade is mutually supplementary and beneficial, with Taiwan enjoying a massive trade surplus. An increase in Taiwan businessmen's investment in Mainland China has, in large measure, fueled trade across the Taiwan Strait. Taiwan cannot possibly be restrained by Mainland China under such circumstances.

On the erosion of Taiwan's industry, the Taiwan authorities have spread word that the competition among Taiwan businessmen for investment opportunities in Mainland China will erode Taiwan's industry and economy. As a matter of fact, Taiwan has imposed extremely drastic restrictions on all aspects of trade across the Taiwan Strait and of Taiwan businessmen's investments in Mainland China. There is no such problem as the erosion of local industry.

On the competition between industries on the two sides of the Taiwan Strait, the Taiwan authorities have cautioned that Taiwan businessmen will end up helping Mainland China's industry and compromising their own competitiveness through their growing investments in Mainland China. This excuse is also untenable. First of all, most of the Taiwan investors in Mainland China cannot survive on Taiwan and have been forced to seek opportunities in Mainland China. Second, Mainland China's excellent elements of production will attract

businessmen from other countries even if Taiwan businessmen stay away. This will cause competition between businessmen from other countries and Taiwan, if not across the Taiwan Strait.

Fundamentally speaking, cross-strait cooperation is the only avenue through which Taiwan can develop its economy. It is unrealistic for the Taiwan authorities to use cross-strait economic relations and trade as a political bargaining chip to pressure Mainland China into making concessions. Notably, Jiang Bingkun, Taiwan's vice minister of economic affairs, recently questioned the advisability of the above-mentioned excuses. He maintained that Taiwan should further liberalize its policy because investment opportunities in Mainland China are currently the most favorable to businessmen. He said: Our businessmen will eventually languish on the island if we persistently prevent them from investing in Mainland China.

Taiwan Residents To Obtain Travel Permits Sooner

OW2207055592 Beijing XINHUA Domestic Service
in Chinese 0919 GMT 21 Jul 92

[Text] Hong Kong, 21 July (XINHUA)—The China Travel Service in Hong Kong and a delegation from Taiwan's tourism industry reached an agreement at a meeting on 20 July—beginning in August, it will take Taiwan residents 10 days, instead of 15 days at present, to obtain a mainland travel permit through the Hong Kong China Travel Service.

The meeting was held at the request of the delegation from Taiwan's tourism industry. Both sides are satisfied with the results of the meeting, regard it as good start, and hope for continued communications in the future.

Former French Prime Minister Concludes Visit*OW2507170792 Taipei CNA in English
1538 GMT 25 Jul 92*

[Text] Taipei, July 25 (CNA): Former French Prime Minister Michel Rocard left Taipei Saturday after a three-day visit during which he met with Republic of China [ROC] Government leaders to exchange opinions on bilateral relations.

Rocard, who arrived in Taipei Thursday after visiting Peking [Beijing] and Hong Kong, met with President Li Teng-hui, Premier Hao Po-tsun and Foreign Minister Chien Fu during the trip.

He told a press conference prior to his departure that France hopes to strengthen relations with the Republic of China on Taiwan, Hong Kong and Mainland China.

Rocard, who had recently been elected the Socialist Party's candidate for the 1995 presidential election, declined to comment on the possibility of France selling Mirage jet fighters to the Republic of Taiwan.

But he said he believes the French Government is likely to make a decision on the deal "within weeks."

Rocard told reporters Friday that with Paris' relations with Taipei improving, there might be "favorable results" in the proposed sales of French fighters to Taiwan.

During his meeting with Premier Hao earlier in the day, the former French prime minister expressed the hope that the two countries would strengthen their cooperation in high-tech industries.

Hao also told his guest that the Republic of China expects to further enhance economic, trade and other relations with France.

Discusses Ties With Premier Hao*OW2707092792 Taipei CNA in English
0800 GMT 27 Jul 92*

[Text] Taipei, July 27 (CNA)—Former French Prime Minister Michel Rocard Sunday concluded his four-day visit to Taipei. While here, Rocard visited President Li Teng-hui, Premier Hao Po-tsun, Foreign Minister Chien Fu, Vice Economics Minister Yang Shih-cheng, and other government leaders.

Premier Hao told Rocard Saturday that Chinese at home and abroad deeply appreciate the assistance the people and Government of France gave to pro-democracy Mainland Chinese students after the 1989 Tiananmen incident. Hao expressed the hope that relations between the two countries will improve greatly in the post-cold war era. Rocard assured Hao that France is willing to share with Taiwan its expertise in environmental protection, nuclear energy, highspeed railway transportation, and aerospace industry.

In his meeting with Rocard on Saturday, Vice Economics Minister Yang expressed the hope that the two countries will be able to strengthen their economic and trade relations. Yang hoped that France will transfer advanced technologies to Taiwan by actively participating in the on-going six-year National Development Plan. He also hoped that France will use Taiwan as a springboard to success in the Asian Pacific markets.

Rocard, who served as French prime minister between 1988 and 1991, also visited the Mucha section of the Taipei mass transit system, which is being built by a French company. The transit system is part of Taiwan's multi-billion-dollar National Development Plan. Rocard left for Japan to continue his Asian tour. Before coming to Taipei, he had visited the Chinese mainland and Hong Kong.

Hints at Military Sales*OW2507081792 Taipei CNA in English
0756 GMT 25 Jul 92*

[Text] Taipei, July 25 (CNA)—Former French Prime Minister Michel Rocard said Friday that with his country's relations with Taipei improving, there might be "favorable results" in the proposed sales of French fighters to Taiwan.

Speaking at a luncheon hosted in his honor by Foreign Minister Chien Fu, Rocard declined to comment on reports that Paris was considering sales of Mirage-2000 jet fighters to the Republic of China [ROC].

However, he commented, bilateral ties will continue to improve as more and more French manufacturers and government officials visit Taiwan.

And there should be progress in French military sales to Taiwan after "further consultations" between both sides, he added.

Rocard said that the chief purpose of his current visit here is to help develop Sino-French ties.

Chien briefed the French prime minister of 1988-1991 on Taipei's mainland policy and the background of Sino-American ties.

Chien told Rocard that US military sales to Taipei are restricted by the so-called August 17 communique, whereas France's hands are not tied in any way.

Rocard's itineraries Friday included a visit to the Mucha section of the Taipei mass transit system, calling on Formosa Plastics Corp. President Wang Yung-tsai, and attending a reception at the French representative office in Taipei.

After hearing a briefing by Lai Shih-sheng, director of the Taipei Mass Rapid Transit Department, Rocard said he supports France's participation in the ROC's construction programs.

Rocard, who had recently been elected the Socialist Party's candidate for the 1995 presidential election, showed great interest in the Mucha line which is being built by a French company.

During his meeting with Formosa Plastics' Wang, Rocard expressed the hope that Asia and Europe will use their economic powers to contribute to world peace and stability.

Wang agreed, saying that economic progress helps enhance people's living standards and maintain social stability, and as a result reduce the chances of war.

Rocard, addressing the French office reception, said France will give "equal respects" to Taiwan, Hong Kong and Mainland China on the premise of respecting democracy and human rights.

France does not want to hurt any of the three Chinas and hopes to develop trade and economic ties with each of them, said Rocard, who visited the mainland and stayed briefly in Hong Kong before coming to Taiwan.

Rocard met Premier Hao Po-tsun and Vice Economic Affairs Minister P.K. Chiang Saturday morning. He will meet the press in the afternoon to report his three-day visit here before leaving Sunday.

Earlier this year, France's former President Valery Giscard d'Estaing and former Prime Minister Raymond Barre also visited Taiwan.

Official Ties With Niger Resume, Embassy Opens

OW2407143592 Taipei CNA in English
1355 GMT 24 Jul 92

[CNA "EXPRESS NEWS" Editorial: "Money May Not Talk"]

[Text] Taipei, July 24 (CNA)—The Republic of China has finally set up its embassy in Niamey. A national flag was raised at the chancellery on Wednesday, more than one month after the two countries had resumed diplomatic relations suspended for 18 years.

A joint communique on the resumption of official ties was signed in Taipei on June 19. Only 10 days later, press reports from Niamey said Niger initiated a break because of protests by its interim parliament and Peking. The government of Prime Minister Amadou Cheiffou had to issue another communique reaffirming its ties with Taipei.

During the three weeks following Niamey's reported withdrawal of diplomatic recognition, Peking tried to buy back the French-speaking African nation. Niger set up ties with Taipei in 1963 but switched recognition to Peking in 1974.

There still is some opposition in the High Council, Niger's interim parliament, to Niamey's full official links with Taipei. No more difficulties are foreseen in Sino-Niger relations, however.

The lesson of the whole diplomatic tug of war episode is that money does not necessarily talk. Peking promised an "interest-free loan" to the cash-strapped Republic of Niger. Taipei's promise is just economic assistance, which has no diplomatic strings attached. As a matter of fact, the Republic of China offers such aid to countries with which it maintains no official relations.

Niger has made a very wise decision to resume full ties with the Republic of China. Loans, albeit interest free, have to be repaid. The assistance Taipei is ready to extend will help the Saharan nation rebuild its economy.

Mr. Cheiffou knows full well that if the economy remains in bad shape, no amount of any interest-free loan can keep his country going in the long years to come.

We are glad Niger has become the 30th country on Taipei's diplomatic list. We wish to take our hats off to all those who have made that possible.

Official Reviews Trip to Niger

OW2707093092 Taipei CNA in English
0750 GMT 27 Jul 92

[Excerpt] Taipei, July 27 (CNA)—The resumption of diplomatic relations between Niamey and Taipei is strongly supported by the people of Niger. Tu Leng, director of the African Affairs Department of the Foreign Ministry, said over the weekend. Tu told the press upon his return from Niamey that most people in Niger hold Taiwan in high regard. "They are in favor of resuming diplomatic relations with us," he said.

Commenting on news reports that Mainland China has withdrawn its 16-member medical team from Niger in retaliation for Niamey's recognition of Taipei, Tu said the Peking move won't hurt the people of Niger, because that country is able to train medical workers. [passage omitted]

Aid to Niger 'as Soon as Possible'

OW2507082992 Taipei CNA in English
0744 GMT 25 Jul 92

[Text] Taipei, July 25 (CNA)—The Government of the Republic of China [ROC] will offer aid to Niger as soon as possible, the Foreign Ministry's spokesman Ouyang Jui-hsiung said Friday.

Ouyang's remarks followed news reports that Communist China has withdrawn its medical team from the West African country in retaliation for Niamey's recognition of Taipei.

He said details of cooperative projects between Niger and the Republic of China were not yet in place as the two countries have just resumed their diplomatic ties.

The Republic of China established an embassy in Niamey Thursday after a month of tug-of-war between Taipei and Peking, which said it would not tolerate Niger's dual recognition.

There are still some voices of opposition to Niger's resumption of diplomatic ties with Taipei; some students have taken to the streets to protest their government's decision.

Ouyang expected that such voices of opposition will gradually subside after the Nigerian people get a better understanding of the Republic of China.

Niger's Prime Minister Plans Visit

*OW2507170592 Taipei CNA in English
1541 GMT 25 Jul 92*

[Text] Taipei, July 25 (CNA): Prime Minister Amadou Cheiffou of Niger, which resumed diplomatic relations with the Republic of China [ROC] on June 19, plans to visit Taipei in September, a ranking Foreign Ministry official said Saturday.

Du Ling, director of the ministry's Department of African Affairs, told reporters upon returning from a nearly month long visit to Niamey that Prime Minister Cheiffou had told him personally of his plan to visit Taipei.

Du flew to Niamey on June 29 to arrange for the establishment of the ROC embassy in the capital of Niger. He left the west African nation for home after the embassy was formally set up Wednesday.

Taiwan Not To Engage in Hong Kong Politics

*HK2507064092 Hong Kong SOUTH CHINA
MORNING POST in English 25 Jul 92 p 1*

[By Willy Wo-lap Lam in Taipei]

[Text] Taipei will boost economic and cultural relations with Hong Kong but stay away from involvement in local politics, including the Legislative Council elections in 1995.

In an interview with a delegation from the Hong Kong Journalists Association yesterday, senior Kuomintang [KMT] officials also indicated that their mouth-piece, the Hong Kong Times, would be revamped.

The vice-chairman of the cabinet-level Mainland Affairs Council, Mr Ma Ying-jeou, said he expected Taiwan companies would increase investment in Hong Kong in the run-up to 1997.

He revealed that Taiwanese firms had invested US\$200 million (HK\$1.54 billion) in the territory last year, almost 10 times more than the 1990 figure.

Mr Ma, a principal policy-maker on Hong Kong, said Taiwan would continue to liberalise regulations governing the categories of Hong Kong residents who could migrate to the KMT-held stronghold.

He denied widespread speculation that the Taiwan Government would provide financial or other assistance to right-wing politicians or groupings in Hong Kong.

"The focus of our work in Hong Kong is promoting economic and cultural links," he said.

"While we hope Hong Kong would evolve towards democracy, we understand there will not be any major room for development for our political work in the territory because of objective difficulties."

Meanwhile, the spokesman for the KMT Central Committee, Mr James Chu, said yesterday the party was committed to continue printing the Hong Kong Times.

He conceded that there was a problem of aging among KMT leaders in Hong Kong.

"We hope to absorb new members and other supporters," Mr Chu said, adding that the KMT's policy was to groom "locals" for leadership positions with overseas cells.

Asked if Taiwan would make special provisions to admit Hong Kong-based KMT veterans who might be jeopardised after 1997, Mr Chu said: "The KMT has always cared for and helped loyal members."

Government To Grant \$8 Million Loan to Byelarus

*OW2507090792 Taipei CNA in English
0759 GMT 25 Jul 92*

[Text] Taipei, July 25 (CNA)—The Republic of China [ROC] Government preliminarily agreed Friday to grant a US\$8 million loan to Byelarus to help modernize its telecommunications system, a spokesman for the Ministry of Economic Affairs said.

The loan, to be supplied by the ROC's International Economic Cooperation and Development Fund, will be part of a US\$39.8 million loan that the European Bank for Reconstruction and Development plans to grant to Byelarus, the spokesman said.

The ROC directorate general of telecommunications, which has recently helped Saudi Arabia and Vietnam develop telecommunications systems, plans to help Byelarus install telephone and telecommunications networks.

Ukrainian Cargo Plane Picks Up Medical Supplies

OW2507083092 Taipei CNA in English
0747 GMT 25 Jul 92

[Text] Taipei, July 25 (CNA)—A Ukrainian cargo aircraft arrived at the Chiang Kai-shek International Airport in northern Taiwan Friday to carry 98 tons of medical supplies home.

Airfoyle Antonov AH124, the world's second largest cargo airplane, with a 22-member crew, will leave Taiwan Sunday with 4,894 cartons of insulin, intravenous drips, anaesthetics, stomach medicine and other medical supplies donated by the Republic of China.

The plane, jointly operated by Ukrainian and British companies and carrying the national flags of the two countries, had flown to Vancouver, Canada, and returned to Kiev before coming to Taiwan via Bangkok.

Captain Tkachenk Vladimir said his plane is capable of carrying 400 tons of goods. Another Antonov-type plane can transport 600 tons, he noted.

Though its body is quite big, Antonov AH124 had a smooth landing at the CKS Airport, the captain said.

Chilean Parliamentarian Begins 8-Day Visit

OW2707093492 Taipei CNA in English
0802 GMT 27 Jul 92

[Text] Taipei, July 27 (CNA)—Luis Enrique le Blanc Valenzuela, member of the parliament of the Republic of Chile, and Mrs. le Blanc arrived in Taipei Sunday for an eight-day visit. While here, they will call on Vice Foreign Minister Chen Chien-jen, Vice Economics Minister Li Shu-jou, and Director-General Chung Hu-pin of the Overseas Affairs Department of the Central Committee of the ruling Kuomintang. Before their departure on Aug. 2, they will also visit cultural and economic establishments.

Alleged 'Blacklist' of Nationals Overseas Viewed

OW2507170292 Taipei CNA in English
1500 GMT 25 Jul 92

[Unattributed editorial published in Saturday's EXPRESS NEWS entitled "A Blacklist"]

[Text] Taipei, July 25 (CNA): Altogether 82 people, mostly Taiwan-born American citizens living in the United States, think they are on Taipei's blacklist. They have been told they could not home to Taiwan.

To be exact, there is no such blacklist, there are restrictions on foreign nationals desiring to visit Taiwan, though. And it is the legitimate right of a sovereign state to deny, for one reason or the other, entry to those who may be undesirable visitors.

Gone is that imaginary blacklist, come August 1, for all except only five, one of them residing in Japan and the rest in the United States. A new national security law goes into force on that day.

The new law supersedes the one effective during the period of general mobilization for the suppression of communist rebellion, which president Li Teng-hui terminated on May 1 last year. The Legislative Yuan, the nation's highest legislature, has just adopted the new statute.

Under the old law, rigid restrictions barred hundreds of Taiwan emigrants from returning to the island. Many of them have worked for Taiwan's independence and are considered personae non grata here.

The restrictions have been greatly eased under the new law. Those who are merely advocating independence for Taiwan will no longer be barred.

[Word indistinct] Taiwan has to get rid of the blacklist, imaginary or not. If the still "blacklisted" five want to visit Taiwan, they should be given the chance to do so. They should be allowed to come back carrying Taiwan passports. When they apply, they will have to be warned that they will be charged and tried for what they did years ago on the island.

They should be turned down if they insist on coming to Taiwan as American or Japanese citizens. Taipei has every right to deny visas to whomsoever it regards as personae non grata.

At any rate, we are glad that the blacklist controversy is finally over.

Ministry Outlines Measures To Support Investment

OW2507090692 Taipei CNA in English
0812 GMT 25 Jul 92

[Text] Taipei, July 25 (CNA)—The Ministry of Economic Affairs (MOEA) has mapped out measures to prop up the investment willingness of domestic manufacturers, a ranking official said Friday.

Wang Chueh-min, director of the MOEA Industrial Development Bureau, said the proposed measures will be submitted to the Executive Yuan next Thursday for approval.

Premier Hao Po-tsun expressed his concern about the private sector's low investment willingness at Thursday's cabinet meeting, and asked the ministry to help domestic manufacturers solve their problems in making investment at home, Wang said.

Under the new measures, the industrial bureau will help accomplish 105 major investment projects, Wang pointed out.

He said that his bureau will spare no efforts to make the 105 investment projects go smoothly, thereby uplifting the private sector's willingness to make more investments in Taiwan.

The bureau is also willing to help small and medium enterprises facing investment difficulties, he added.

Governor Samuel Shieh of the Central Bank of China pledged Friday that the Central Bank will make all-out efforts to help carry out the measures to prop up investment willingness in Taiwan. The Central Bank could render support to the measures by giving adequate financing, he said.

On the other hand, the Directorate General of Budget, Accounting and Statistics (DGBAS) reported Friday that domestic investments rose 11.7 percent in the first half of the year.

The DGBAS said newly-established companies totaled 24,589 in the first five months of the year, a whopping 50 percent advance from a year earlier.

The government's statistical agency attributed the increase in domestic investments to the on-going Six-Year National Development Plan.

Economic Growth To Reach 7 Percent in 1992

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[Text] Taipei, July 25 (CNA)—Taiwan's economy will grow at an annual rate of seven percent this year, according to a forecast by the Ministry of Economic Affairs (MOEA) Friday.

The ministry said that judging from the economic performance in the first six months and the outlook for the rest of the year, this year's economic growth should reach the targeted seven percent.

According to statistics released Friday by the Directorate General of Budget, Accounting and Statistics (DGBAS), industrial production and export orders received by

domestic manufacturers rose five percent and 7.6 percent respectively in the first half of the year.

The DGBAS figures also show that manufacturing, house construction, and utilities posted gains of five percent, 7.1 percent, and five percent separately in the six-month period, while mining production shrank 10.57 percent.

Of the US\$39.58 billion export orders received in the first half of the year, those from the United States totaled US\$13.73 billion, followed by Europe's US\$6.58 billion, Hong Kong's US\$5.31 billion, and Japan's US\$5.18 billion. Orders from Hong Kong increased 17 percent in the period, the government's top statistical agency noted.

On the economic outlook for the second half of the year, MOEA officials pointed out that the construction of the sixth Naphtha Cracker and the fourth nuclear power plant will help increase domestic demand, and thus stimulate imports. [sentence as received] The increase in domestic demand is certainly a boon to economic growth in Taiwan, they said.

The officials, however, pointed to the problems of "overheated" trade across the Taiwan straits and worsening trade deficit with Japan. In the first half of the year, Taiwan enjoyed a huge US\$6.2 billion trade surplus with Hong Kong, the entrepot of Taiwan's indirect trade with the China Mainland, while trade imbalance with Japan reached US\$5.7 billion.

In general Taiwan's seven percent economic growth is higher than those of other industrialized countries, the MOEA officials noted.

They said that the United States is likely to see a slight 2.1 percent economic growth this year while the economy of the European community as a whole will go up only 1.4 percent.

Even Japan, which usually boasted a powerhouse economy, faced a slump, the officials said. With industrial production and orders for machinery posting minus growth for nine consecutive months, Japan's economic growth is expected to plunge to 1.8 percent this year, a steep fall from last year's 4.5 percent, they pointed out.

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